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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Sri Lanka: Gandhi letter puts Colombo on the spot, Page 18

World news

KGB men assault Western reporters

KGB agents beat protesters and used two snow ploughs to drive them off a Moscow street on the fourth day of demonstrations for the release of jailed Jewish activist Josef Begun. Police detained 13 protesters for a few hours.

About 20 Jewish men and women took part in the protest on Moscow's Arbat shopping mall, where men in civilian clothes also roughed up Western reporters and television crews. Uniformed police stationed along the mall and in a nearby alley did not intervene.

The Soviet Foreign Ministry later denied official involvement in the incident and said it deeply regretted that reporters were hurt.

Brussels deadlock

EEC budget ministers were last night trying to split the difference between the demands of north and south in a Belgian-proposed compromise over spending plans for the current year.

Israel bombs PLO

Israel bombed PLO guerrilla positions near the southern port of Sidon in its fifth air raid on Lebanon this year. Lebanese police reported two civilians dead and five others wounded.

Ceasefire 'near'

United Nations officials and the Shia Moslem Amal organisation were reported yesterday to be near agreement on a 12-hour ceasefire to allow food into besieged Palestinian refugee camps in Lebanon. Earlier, Iranian-backed militiamen seized 12 Syrian soldiers and 13 security men in bloody street clashes in Beirut. Page 5

Mrs Nixon ill

Mrs Pat Nixon, 74, wife of the former US President, underwent surgery for cancer and is expected to make a full recovery. A small tumour was removed from her mouth, according to a spokesman for New York's Lenox Hill hospital.

Strike hits Greece

More than a million Greek workers demanding wage rises and more jobs staged a 24-hour strike against a tough government austerity programme. An overnight explosion, claimed by a left-wing group, caused severe damage to a branch of the Economy Ministry.

Nigeria shuts office

Nigeria ordered Britain to close its Lagos visa office, which opened less than two weeks ago at a cost of $1.52m. Official sources said the office was causing traffic chaos in a high-security area.

Detainee freed

The Durban Supreme Court ordered the release of a South African detainee because it said the state had not provided sufficient grounds for his arrest. The names of nearly 4,000 long-term detainees were tabled in parliament by Law and Order Minister Adriaan Vlok. Page 5

Modigliani vanishes

Officials at Milan's Brera art gallery admitted that a Modigliani painting worth $1.2m had been stolen without their noticing. Staff at first thought it had been moved during building work.

Aids murder warning

An Aids sufferer who knowingly infects a healthy person with the deadly virus could face prosecution for murder if the victim dies, the Justice Ministry of the West German state of Bavaria said.

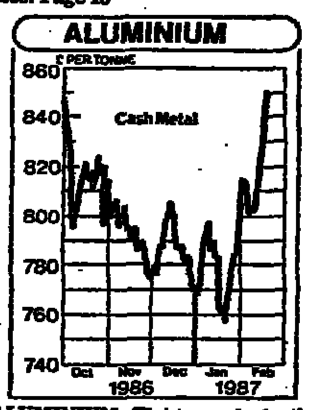
Record bank robbery

Suspected Sikh extremists, some disguised as policemen, robbed a Punjab bank of 57m rupees ($4.4m) in what Chandigarh police said was India's biggest-ever bank robbery.

Business summary

Finance deal for US sales to Soviets

MORGAN GRENFELL, UK merchant bank, has arranged a novel mechanism for financing the supply of US agricultural equipment to the Soviet Union. The financing will mean that although the Soviets do have access to US Eximbank guarantees they will be provided with funding at interest rates lower than they would normally obtain from Western official export credit agencies. Page 18



ALUMINIUM: Tight supply in the US and on the London Metal Exchange continued to buoy prices. Although the tone was considered nervous, the cash position closed £29 up at a five-month high of £850.50 a tonne, taking the rise from the beginning of the week to £47 a tonne. Page 30.

WALL STREET: The Dow Jones industrial average closed down 6.18 at 2,165.78. Page 38

LONDON: Nervous selling hit equity markets on unconfirmed rumours of fresh inquiries into recent takeover dealing. The FT-SE 100 closed 17.2 down at 1,878.6 while the FT Ordinary index lost 7.9 to 1,501.0. Gilts showed small gains. Page 38

TOKYO: Hectic trading saw institutions buying large-capital stocks and share prices generally rising moderately. The Nikkei average firmed 60.93 to 19,874.89. Page 38

GOLD remained unchanged at $401.25 on the London bullion market. In Zurich it rose to $401.75 ($401.55). Page 30

DOLLAR closed in New York at DM 1.8295; SFr 1.5492; FFr 6.0915 and Y154.0. It rose in London to DM 1.8245 (DM 1.8165); to Y154.05 (Y153.65); to SFr 1.5429 (SFr 1.5390); and to FFr 6.07 (FFr 6.05). The dollar's exchange rate index rose from 104.0 to 104.1. Page 31.

STERLING closed in New York at $1.5172. It fell in London to $1.595 ($1.5235); to Y234.0 (Y234.1); SFr 2.3425 (SFr 2.3450); but rose to DM 2.7725 (DM 2.7675); and to FFr 9.2250 (FFr 9.2175). The pound's exchange rate index rose 0.2 to 68.7. Page 31.

TORONTO stock exchange has launched an investigation into possible insider trading in the shares of Memotec Data, small Montreal data communications company which was unexpectedly named earlier this week as the successful bidder for Teleglobe Canada, the country's state-owned international telecommunications carrier. Page 19

NORSK HYDRO, Norway's biggest publicly quoted company with operations in oil and gas, fertilisers, petrochemicals and light metals, plunged to an after-tax loss of NKr 324m ($47m) last year compared with a profit of NKr 2.2bn in 1985. Page 19

KAISER STEEL, Colorado-based steel and coal mining concern which was taken private two years ago in a $380m leveraged buyout, filed for protection under Chapter 11 of the US bankruptcy code. Page 19

UNITED COCONUT Planters Bank (Cocobank), controlled by the Philippines' Government, wants to sell about 16 per cent of its shares in San Miguel, the country's largest industrial company. Page 19

Wall St bankers arrested on insider trading charges

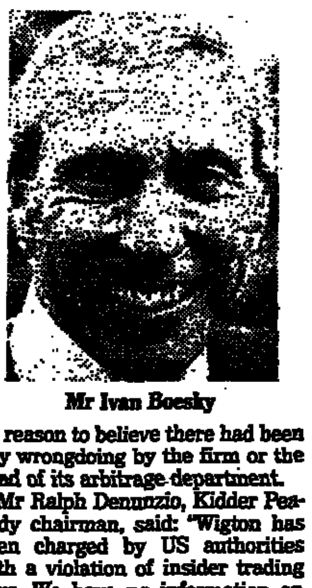
BY JAMES BUCHAN IN NEW YORK

THREE SENIOR Wall Street investment bankers were yesterday charged with criminal insider trading in the first major new development for months in a far-reaching investigation into takeover activity on Wall Street.

Federal agents arrested Mr Robert M. Freeman, 44, a partner of Goldman Sachs and head of the blue chip investment bank's risk arbitrage department, and Mr Richard Wigton, a vice president and head of the over-the-counter trading and risk arbitrage department at Kidder Peabody, one of Wall Street's leading securities firms.

A third member of the alleged insider trading ring and a former Kidder Peabody vice president, Mr Timothy Tabor, aged 33, was arrested on Wednesday evening and spent the night in jail. All three men had their passports impounded and were released on bail.

Goldman Sachs said last night its own internal investigations gave it no reason to believe there had been any wrongdoing by the firm or the head of its arbitrage department.



Mr Ivan Boesky

Mr Ralph Denunzio, Kidder Peabody chairman, said: "Wigton has been charged by US authorities with a violation of insider trading laws. We have no information on the charges." He added that the firm had a policy against insider trading and "as far as we know it has been strictly adhered to."

The charges concentrate on the attempted takeover of Unocal, the California oil company, by Mr T. Boone Pickens, the Texas oilman, in April 1985. Goldman Sachs acted as financial adviser to Unocal in its bid.

Yesterday's charges are the first to be brought for alleged insider trading since Mr Ivan Boesky, the well-known Wall Street arbitrageur or speculator in takeover stocks, pleaded guilty to one felony in November and agreed to pay $100m for profiteering from inside information.

Both Mr Boesky and Mr Dennis Levine, a managing director at Drexel Burnham Lambert who helped supply him with takeover information, are co-operating with the investigation being conducted by the Securities and Exchange Commission and the US Attorney's office in Manhattan.

Yesterday's charges are a deep embarrassment to both firms and for General Electric of the US, whose GE Credit Corporation subsidiary took an 80 per cent stake in Kidder last year for about $600m to provide additional capital for such non-traditional activities as risk arbitrage.

Kidder had not been implicated in the investigation and Goldman only through a junior official, Mr David Brown, who was jailed for 30 days for assisting Mr Levine.

The charges say that the two officials at Kidder Peabody received inside information from an unidentified person co-operating with the investigation and "bought and sold for Kidder's own account publicly traded stock in one or more of the corporations involved, resulting in millions of dollars in illegal profits to Kidder."

Bonn coalition threatened by tax cut issue

BY DAVID MARSH AND PETER BRUCE IN BONN

WEST GERMANY'S Free Democratic Party (FDP) junior partner in Bonn's coalition Government, yesterday served notice that efforts to form a new administration could run into serious trouble unless it wins agreement soon on a cut in taxes on top earners.

Count Otto Lambsdorff, economics spokesman for the FDP, which gained strongly in the general election three weeks ago, hinted that Chancellor Helmut Kohl might not be able to rely further on the party's support unless the top 56 per cent income tax rate was cut in line with electoral pledges.

The question of reducing the tax burden for top earners, including small businesses, has become a prime stumbling block in the three-coalition parties' current efforts to agree policy for the next four years.

Mr Lambsdorff is taking part in the talks as a key member of the FDP negotiating team. Talks on financing a DM 40bn ($22bn) tax reform planned to take effect from 1989-90 are due to resume on Monday.

Mr Lambsdorff said important members of Mr Kohl's conservative Christian Democratic Union (CDU), disturbed by the conservatives' losses in last month's poll, were backing away from earlier enthusiasm for a thorough tax reform.

However, Mr Lambsdorff, the former Economics Minister, said a cut in the top tax rate to 50 per cent or less remained "indispensable" as a fundamental part of medium-term efforts to boost the German economy.

Mr Lambsdorff has been on trial in Bonn for 18 months on charges over alleged illegal political financing by the Flick industrial group. The verdict on tax evasion charges in due on Monday.

Mr Lambsdorff said he was relaxed about the outcome and would not bid to return to the Government at least for a year, but was concerned above all to continue to exert "political influence" on the country's affairs.

Referring to the political background to the trial, he said: "Certain people in the Federal Republic have tried to destroy me. They have not succeeded."

Mr Lambsdorff said his confidence was growing that Mr Gerhard Stoltenberg, the Finance Minister, who is drawing up new proposals on the tax package for Monday's discussions, was "remembering again what he said before the election." He said the FDP had drawn up a list of DM 21bn in subsidies which could be abolished to help finance the reform.

Referring to Mr Norbert Blüm, the Labour Minister, and Mr Heiner Geissler, the CDU General-Secretary, who have both spoken against a cut in the 56 per cent tax rate, Mr Lambsdorff said the Finance Minister had to choose between "solidarity with his political friends or his own credibility."

He warned that the coalition could not rely on the electorate's "forgetfulness" and that its credibility would be further tested in the state election called in Hesse on April 5.

Lagos overrules Central Bank to revalue naira

BY MICHAEL HOLMAN, AFRICA EDITOR, IN LONDON

THE NIGERIAN GOVERNMENT yesterday made an unprecedented intervention in the country's weekly foreign exchange auction and ordered the Central Bank to revalue the country's currency, the Naira, by 30 per cent against the dollar.

The intervention is likely to raise questions about who is in charge of government economic policy, and evoke concern about an apparent lack of co-ordination between policymakers. The Central Bank has played a vital role in Nigeria's efforts to reschedule its total external debt of over $20bn.

Under the system introduced last September as part of an economic recovery programme backed by the International Monetary Fund (IMF) and the World Bank, available hard currency is put up for auction each week by the Central Bank. The rate for the naira is determined by the bid which exhausts the foreign currency available.

At yesterday's auction this was 3 naira to the dollar, but the Central Bank decided the rate was too low and announced that it should be 3.50 Naira, compared to 3.92 naira the preceding week.

But within hours the Government overturned the decision. In a statement issued by Chief Olu Falae, secretary to the military Government of President Ibrahim Babangida, the authorities said that "as much as possible, market forces should be allowed to determine the exchange rate of the naira. It has therefore been decided that the intervention of the Central Bank of Nigeria should not stand."

Although the apparent clash between Government and Central Bank may arouse the concern of the IMF and the country's creditors, the revaluation of the naira will be welcomed by many Nigerians who watched with alarm as the currency plummeted against the dollar.

Before the auction was introduced, the naira traded at 1.55 to the dollar, but was effectively devalued 66 per cent after the first round of bidding last September, when the rate was set at 4.62 to the dollar.

However, the devaluation removed the last remaining obstacle to an agreement with the IMF for a SDR 650m ($822m) standby loan. Although the Government has said it will not draw on the loan, an agreement with the Fund was a precondition set by the country's commercial bank and Government creditors to the rescheduling of its external debt.

The Central Bank has twice in the past intervened, once to prevent the rate going above N5 to the dollar, and once to prevent it from falling below N3.2 to the dollar.

Why the Government should have chosen to assert its authority over the Central Bank on this occasion is unclear, unless it feels that popular opinion demands it.

Japanese audio sales face US Bill threat

By David Thomas in London and Ian Rodger in Tokyo

A BILL has been introduced in the US Senate designed to hit imports from Japan of a new audio system which analysts believe will sweep the music industry.

Aiwa, the Japanese consumer electronics group, yesterday confirmed that it would launch the world's first digital audio tape recorder in Japan on March 2.

The system allows high quality copying from compact discs. The music industry believes its copyright income will be undermined by the development, because consumers will copy the discs and thus avoid paying royalty income.

The Western music industry is calling for US and EEC legislation which would force manufacturers to put an anti-copying device, known as a spoiler, into the machines.

Japanese companies rejected this demand, arguing that it would destroy the purpose of the new technology. The music industry had appeared to be making little progress in winning support for its position.

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Giscard plan to cut presidential term

BY DAVID HOUSEGO IN PARIS

MR Valery Giscard d'Estaing, the former French President, embarrassed his allies on the French right with the announcement that he will table proposals before the National Assembly for reducing the president's term of office from seven years to five.

Mr Giscard d'Estaing made his announcement after declaring on French television that he would not stand as a candidate in next year's presidential elections. He appears to have taken the decision in the light of the strong lead that both Mr Jacques Chirac, the Prime Minister, and Mr Raymond Barre, the former Prime Minister, have over him in the opinion polls.

The proposal to reduce the president's term of office to five years has long had the support of President François Mitterrand and the Socialists. In tactical terms it would make it easier for Mr Mitterrand to stand for re-election next year if he should so decide.

But the proposal is highly divisive on the French right. Mr Barre opposes it as diminishing the authority of the President, who would have less time to carry through real changes and whose term of office would coincide with that of the National Assembly. Mr Chirac is also known to be against it as both in-

Continued on Page 18

Bank of England urges Lawson to cut borrowing

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

THE Bank of England yesterday gave a clear signal that it wants Mr Nigel Lawson, the Chancellor of the Exchequer, to reduce next year's target for public sector borrowing, to pave the way for lower interest rates.

The Bank's view, contained in its latest Quarterly Bulletin, is thought to reflect growing official confidence that the buoyancy of Government revenues will leave Mr Lawson scope for both a sizeable reduction in borrowing and cuts in income in his March 17 budget.

Treasury officials are now convinced that this year's public sector borrowing requirement (PSBR) should turn out significantly below its target of £7bn ($10.6bn). They privately concede that revenues are running well ahead of the forecasts in November's Autumn Statement when Mr Lawson re-affirmed the £7bn figure and set the same target for 1987-88.

Many independent economists, including those at the Institute for Fiscal Studies which yesterday published its "Green Budget", are forecasting that Mr Lawson will have £3bn available at the time of the Budget.

A call by the Bank for a lower borrowing target in 1987/88 though framed in the Bulletin's traditionally oblique language, suggests that the so-called "fiscal adjustment" is even higher. The key parts of the

The Bank of England, highlighting the urgency for international co-operation on exchange rates and fiscal policy, warned yesterday that large payments imbalances remain a serious threat to sustained economic recovery. Page 18

Bulletin are submitted to the Treasury for comments ahead of publication.

The Bank believes a reduction in the PSBR target could provide the background for lower interest rates for a number of reasons. It would reduce the Government's need to sell stock in the gilt-edged market and, more importantly, would bolster the confidence of financial markets and help to underpin sterling.

The Bulletin makes clear that without such a move there would be little immediate prospect of a cut in interest rates.

Despite recent improvement is productivity, the Bank believes that the underlying rate of inflation is currently running at an annual 4 per cent and is likely to edge higher later in the year.

It is also concerned about sterling's failure to appreciate in response to the rise in the oil price over the past few months – a reflection of the deterioration in Britain's visible trade position and electoral uncertainties – and about recent rapid growth in bank lending and the narrow measure of the money supply.

Higher oil prices have increased inflationary pressures in the economy, while sterling's relative weakness has meant that there has been no offsetting reduction in prices of other imports.

The Bulletin adds, however: "On the other hand lower interest rates would assist in the process of strengthening the economy's supply potential and a low PSBR is one among several possibly helpful factors."

The Bank believes that the buoyancy of tax revenues reflects both a one-off gain for the Treasury from last year's surge in domestic demand and consumer spending, and a more permanent windfall resulting from changes in the tax structure.

Its view is that the former should be used to reduce the PSBR as the Treasury cannot rely on similar gains in future years. Mr Lawson would, however, be justified in using higher receipts from, for example, Corporation Tax to finance tax cuts because the additional revenues are likely to carry over into future years.

The change in the corporate tax

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Details, Page 6

CONTENTS

ANGLO-IRISH ACCORD REARS ITS UGLY HEAD IN DUBLIN ELECTION

Charles Haughey, leader of the Irish opposition, does some nifty footwork as poll issues begin to count. Page 2

W. German growth slows

BY PETER BRUCE IN BONN

THE West German economy stopped growing in the last three months of 1986, the Bundesbank reported yesterday.

The independent central bank's monthly report will come as another unwelcome confirmation of an economic slowdown to the government, which has so far refused to acknowledge it.

The report says that following a "robust" real increase in production of 1 per cent in the third quarter of last year, "the rise in overall economic output did not continue in the fourth quarter."

Confirming what many economists had already suspected, the Bundesbank, which remained bullish about the economy for some time after warnings of a slowdown first began to emerge, confessed "surprise" at a weakening of incoming orders being reported by domestic producers of capital goods.

This pointed to a "a certain cooling of the investment climate," the bank recalling ruefully that even in the late summer of 1986, manufacturing industry in general was forecasting strong growth in its investment spending.

The Bundesbank blames stagnation in the last three months of 1986 on weaknesses in the global economy, financial difficulties in many oil producing countries and the weakening of German export strength because the US dollar is so weak.

It also warns, though, of a noticeable rise in West German production costs recently. For most of last year, cheap imports of raw materials, especially fuel, helped even out the damage being done to exporters by the strength of the D-mark. This had stopped last autumn.

Chancellor Helmut Kohl's Government will be relieved that the Bundesbank report, which carries great authority, came more than two weeks after the general election in January.

All three parties in the governing coalition successfully campaigned for re-election on the claim that they had injected new life into the economy.

French companies expect growth

By George Graham in Paris

FRENCH companies expect to start to invest strongly again this year after a slowdown in 1986, according to a survey by the industrial financing institution Credit National.

Company investment is expected to grow by 8.8 per cent in value in 1987, or by 6 per cent in real terms, Credit National said yesterday after questioning a sample of 300 of its industrial customers.

In 1986, the survey shows that investment rose by only 0.6 per cent in real terms, substantially less than the figure of 3 per cent given by the national statistical office Insee.

Mr Jean Saint-Geours, Credit National's chairman, said the difference was explained by the heavy investment effort made last year by small companies, which boosted investment by 16 per cent according to Insee but which are under-represented in Credit National's sample.

Small- and medium-sized companies are expected to continue to invest more aggressively than the larger companies this year, he said, with the heaviest concentration coming in the consumer goods, car and food industries.

French companies increased their sales last year by 2.3 per cent in real terms, and cost savings—especially on energy and oil-related raw materials—helped them boost their cash flow by 18.6 per cent.

Dutch to launch Aids campaign

BY LAURA RAUN IN AMSTERDAM

THE NETHERLANDS plans to launch a Fl 6m ($3m) Aids media information campaign using blunt language to urge people to use condoms as protection against the deadly disease.

A "rolling campaign" strategy will be used in which advertisements will begin on television, radio or newspapers and then move to another medium – unlike Britain's £20m ($30m) media-saturation approach.

Young & Rubicam, in Amsterdam, a branch of the US advertising company, will manage the campaign, which will use "street language" and explicit pictures to urge sexually promiscuous heterosexuals to use condoms as a safeguard against Aids.

"Like Britain we think everyone should have information but we think it should be done more carefully," said Mr Jan van Wijngaarden, director of the Aids co-ordinating committee. Heavy publicity should be avoided, the Dutch argue, because it runs the risk of creating hysteria, inciting discrimination against homosexuals and inuring heterosexuals against the dangers before the real threat materialises.

Moralising also should be meticulously avoided because it usually backfires, the Dutch argue. "We don't promote a less promiscuous lifestyle," Mr van Wijngaarden goes on. "If you have 10 partners a day it's OK as long as it is safe."

To date, 218 Aids cases and 126 deaths have been reported, proportionately in line with other European countries. Amsterdam, which has a large homosexual community and red light district, was among the first cities to provide clean hypodermic needles to drug addicts.

The forthcoming campaign forms a new and expanded phase of the Netherlands' four year education programme, which began with small scale, low key efforts narrowly targeted at homosexual men and intravenous drug users. Homosexual groups were closely involved in the organisation of the informative literature, talk groups, educational courses and social counselling in bars and cafes.

The Fl 6m mass media campaign is part of a larger Fl 25m Aids programme that also provides funding for medical research and special health care facilities in hospitals and clinics.

Aids testing, however, is widely discouraged on the grounds that it only creates despair among those found to carry the Aids virus because no cure for the disease exists.

Row over Rome jobs law

BY JOHN WYLES IN ROME

A LAW given parliamentary approval after nearly eight years has left the Italian Government and private-sector employers divided over whether it will aid or hinder the process of job creation.

Mr Gianni De Michelis, Minister of Labour, said its passage made Wednesday "an historic day," while Mr Carlo Patrucco, vice-president of the employers' organisation, Confindustria, lamented "a step backwards" in the regulation of the labour market.

New powers are devolved to regional bodies, new agencies are created whose functions are to be defined later and existing organisations are to be restructured without guarantees of efficiency gains and administrative savings.

Mr Renato Brunetta, Mr De Michelis' economics adviser, said yesterday the law's philosophy was "deregulation and reregulation." One of its particular aims was to halt the development of a force of permanently unemployed young people.

Unemployment offices, reorganised on an area rather than communal basis, will have new powers to require employers seeking labour to accept a quota of hard-core unemployed. Their policy guidelines will be set by regional employment commissions, which already exist in some parts of the country, and on which employers, unions and politicians will be represented.

A new layer of regional employment agencies will be set up with the aim of reflecting central government policies.

Confindustria believes that the law reduces rather than increases labour market flexibility and therefore runs counter to objectives agreed by EEC governments.

Mr Walter Olivieri, Confindustria's labour relations expert, said yesterday the regional employment commissions will be highly politicised and likely to pursue differing policies around the country.

In recent years employers have gained some, but not total, freedom of choice in recruiting from among the unemployed and this is now bound to be even more circumscribed, said Mr Olivieri.

Prosecutor suspects El-Sayed of fraud

BY KEVIN DONE IN STOCKHOLM

MR REFAAT El-Sayed, the ousted former majority shareholder and chief executive of Fermenta, the troubled Swedish chemicals and antibiotics group, has been officially informed by the public prosecutor in Stockholm that he is suspected of serious fraud, serious bookkeeping crimes and a breach of Swedish companies act regulations forbidding loans between a corporation and its managing director.

Mr Hans Lindberg, a senior public prosecutor in Stockholm, said the investigation would take several months.

The maximum penalty for serious fraud is four years' imprisonment. Mr Leif Silbersky, Mr El-Sayed's lawyer, said that he had denied all the allegations.

The prosecutor now has the power to order Mr El-Sayed not to leave the country, but he said that he did not intend to impose any such restriction.

The criminal investigation into Mr El-Sayed's business affairs was started in December, when the board of Fermenta revealed that the group's external auditors had discovered far-reaching irregularities in the company's accounts.

Mr El-Sayed is facing separate legal action from two of his main creditors, Gotabanken, and Fermenta itself, for the repayment of loans totalling SKr 570m ($87.6m) and SKr 3m respectively.

Irish High Court rules on claim

By Hugh Carnegy in Dublin

THE IRISH High Court yesterday dismissed a claim that the single European Act contravened the Irish Constitution, but an injunction preventing the Government from ratifying the act was continued.

Ireland is the only member of the European Community not to have ratified the Act, which provides for closer political and economic co-operation within the community and which was originally intended to take effect from the beginning of this year.

The High Court dismissed the claim by Mr Raymond Crotty, an economist, that his constitutional rights were damaged by the Act.

EEC Budget Ministers seek compromise

By Quentin Peel in Brussels

BUDGET Ministers of the European Economic Community were last night locked in an exercise to split the hairs of budgetary policy to break their deadlock over the spending plans for the current year.

Mr Guy Verhofstadt, the Belgian Minister in the chair, tabled an effort at compromise, aimed at splitting the difference between the EEC member-states of the north and south — a difference which relates more to questions of principle than substance.

The community is operating under emergency financing regulations because of the lack of a budget, limited each month to one-twelfth of the spending levels fixed for last year.

Mr Henning Christophersen, the Budget Commissioner, warned theministers last night that failure to agree on a compromise would cause increasingly difficult problems, simply on questions of administration and staff payments as well as blocking the implementation of new policies.

Britain, France and West Germany refuse to allow budget spending to increase beyond a fixed rate of 8.1 per cent—the so-called maximum rate set at the start of budget negotiations.

Southern states including Italy, Greece and Spain, insist that the growth rate must be increased, to make a gesture towards the role of the European Parliament as the other half of the budget-fixing authority.

● Top European Treasury and central bank officials met yesterday to discuss a range of proposals for reinforcing the mechanism of the European Monetary System, but would not comment on the contents or the outcome.

Hugh Carnegy reports on a sensitive subject

Fine Gael breaks the campaign silence on Anglo-Irish accord

NORTHERN Ireland has surfaced as an issue in the general election in the Irish Republic after nearly three weeks of near silence on the subject.

The campaign opened last month with both Dr Garret Fitzgerald, the Prime Minister and leader of Fine Gael, and Mr Charles Haughey, leader of the opposition Fianna Fail party, expressing the wish that Northern Ireland, or more specifically, the Anglo-Irish agreement signed in 1985, should not be subject to political argument.

It was regarded as a highly sensitive subject which was better left out of the heated election hurly-burly. Economic concerns sch as unemployment, tax, social welfare and education became the main topics of contention, as is customary in the republic in spite of traditional hostility to the division of the island.

In the last few days, however, Fine Gael and the Progressive Democrats, a new party led by Mr Desmond O'Malley, a former Fianna Fail minister, have attacked Mr Haughey's stance on the Anglo-Irish agreement in a clear attempt to undermine Fianna Fail's lead in the opinion polls. They accuse him of adopting an ambiguous position which could threaten the operation of the accord.

The agreement is by some margin the principle achievement of Dr Fitzgerald's four years in office. Its supporters describe it as the biggest advance for the nationalist minority in Northern Ireland since partition in 1922.

For the first time, the British Government granted a formal role to Dublin in policy formulation in the North through an intergovernmental conference. The republic can now press the nationalist case through the conference on a range of issues, including security, the judiciary and political matters.

The agreement was warmly received in the republic. Opinion polls showed most people supported it, including many Fianna Fail voters.

Mr Haughey, however, was hostile from the start. His chief objection was to Article One which affirmed that no change in the status of Northern Ireland could come about without the consent of the majority there, and recognised that the present wish of the majority was for no change.

Dr Garret Fitzgerald, the outgoing Prime Minister, faced possibly his last chance to recover ground in the race for Ireland's general election next Tuesday when he met Mr Charles Haughey, leader of the opposition Fianna Fail party, in a televised debate last night.

In the only head-to-head confrontation between the two men of the campaign, Dr Fitzgerald was expected to try to undermine public confidence in Fianna Fail's growth-orientated proposals for tackling the depressed economy and in Mr Haughey's leadership ability.

He faced an uphill battle as his party, Fine Gael, trails well behind Fianna Fail in the opinion polls. Mr Haughey had plenty of ammunition in the record of the Fine Gael-Labour coalition which saw unemployment rise to nearly 20 per cent of the workforce and the national debt double during its four years in office.

The Fianna Fail leader said this was repugnant to the Irish constitution's claim to a united Ireland, inspite of the declaration in Article One that both governments would work to establish unity if in the future the majority expressed a wish for it.

His strongest attack on the agreement came last October when he said: "The position of nationalists in the North has, in fact, seriously worsened. The position on the ground is a cause for deep anxiety and concern." In remarks to journalists, he said he would seek renegotiation of the accord if he was returned to power.

Since then, not least because northern Unionists opposed to the agreement began, paradoxically, to see him as something of an ally, Mr Haughey has altered his position significantly. In a radio interview this week he said a Fianna Fail government would honour the pact as an international agreement and would seek to gain any advantages available from it for northern nationalists.

The party still did not accept the constitutional implications and would seek "through diplomatic and political action" to change them. Talk of renegotiation has, however, been dropped.

Perhaps because it has few other issues on which it feels it has broader public support than Fianna Fail, Fine Gael this week abandoned Dr Fitzgerald's earlier declaration that the agreement should not become an election issue.

Mr Peter Barry, the Foreign Minister and co-chairman of the Anglo-Irish Conference, said in a campaign speech it was "totally incompatible" for Fianna Fail to say it would honour an agreement about which it had constitutional reservations. This ambiguity was dangerous and could not be "dodged, or funked or fudged," he said.

Dr Fitzgerald took up the theme, telling a press conference any attempt to change Article One would threaten the foundation of the agreement. (Although the accord allows for a review of the conference, it does not allow for change in Article one..)

The Progressive Democrats, who were founded shortly after one of their parliamentary deputies, Miss Mary Harney, was expelled from Fianna Fail for supporting the accord, have also attacked Fianna Fail. Mr O'Malley said the electorate had a right to know what the implications of its "ambiguous endorsement" of the accord would be.

It may be that Fianna Fail's position is out of tune with many of the electorate. But despite its late entry, the economy, not Northern Ireland, is still the dominant election issue.

Milan editor sacked

By Alan Friedman in Milan

THE EDITOR of the Corriere della Sera, the Milan newspaper which has traditionally been Italy's leading daily, was sacked yesterday, four months before his contract was due to run out.

The Rizzoli publishing group, which owns Corriere and is 59.26 per cent controlled by Gemina, an investment vehicle which in turn is in effect controlled by the Fiat group, last night declined to explain why Mr Piero Ostellino had been dismissed.

Rizzoli said only that Mr Ostellino "is leaving by mutual agreement" and that he will be succeeded by Mr Ugo Stille, a 40-year veteran of the newspaper and foreign correspondent in New York.

Journalists on the Corriere della Sera said in private last night that Mr Ostellino had been sacked because he had been unable to beat competition from La Repubblica, the Rome daily newspaper which has overtaken Corriere in recent months to become Italy's most widely-read daily.

La Repubblica claims it sells around 550,000 copies, which would be 20,000 to 40,000 more than the Corriere della Sera.

Journalists did not appear distressed at the news of Mr Ostellino's departure. One senior journalist said: "He was a decent man, but he presided over a period of decline."

The sacking of Mr Ostellino comes only 24 hours after a Senate committee in Rome dropped an anti-trust amendment from its legislation on press and publishing.

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Politics and cost lie behind EEC butter decision

Tim Dickson looks at the apparently surprising move to dump the surplus stocks on the market

DIPLOMATS in Brussels were trying yesterday to understand the likely consequences of the decision on Tuesday by Farm Ministers of the European Economic Community to dump more than 1m tonnes of butter on world markets.

Only Spain refused to go along with the ambitious plan in spite of the fact that member-states—to begin with at least—will have to stump up the Ecu 3.2bn (£2.3bn) operational costs out of their national budgets.

Given the hostile reception in some capitals to any call for increased community spending, it is perhaps surprising that the butter stock disposal scheme appears to have been accepted with relatively little opposition.

The reasons are to some extent political. At 1.34m tonnes the butter mountain is a distressing symbol of community incompetence — vast storage charges (Ecu 300 a tonne per year) are shelled out to preserve food almost half of which is more than 18 months old.

Following the agreement in December to cut milk production by nearly 10 per cent over the next two years — opening up the prospect that the surpluses may disappear sooner rather than later — a scheme which would also lift the downward pressure on world market prices is seen as certainly worth a try.

Just as significantly, however, is that the Ecu 3.2bn is not all that it seems. For a start member-states are only lending the money will be paid interest at a rate of 6-7 per cent, and if all goes according to plan will be reimbursed by the community budget *in four equal annual instalments* starting in 1989.

By then, it is hoped, new financing mechanisms will have increased the community's own resources and — more important perhaps — significant storage payments should have been avoided.

Under the present system of guaranteed "intervention" purchases of butter and other surplus products member-states are already footing a hefty part of the bill.

The national "intervention" agencies, for example, pay Ecu 3,132 for each tonne of butter from their own exchequers and recover the funds from Brussels only when it comes out of storage to be sold on the open market. The effects of the new stocks disposal system is thus to delay this reimbursement until 1989 at the earliest and 1992 at the latest.

In theory at any rate there should be short-term savings. At the moment the community pay only 75 per cent of storage and other costs such as transport and packaging leaving national capitals to pick up the rest.

The *gross* cost of the new stock disposal scheme, that is the size of the loan, is likely to reflect the amount of butter in each country's stores (see table). West Germany, for example, has already estimated that it will have to find DM 2bn (£725m) or about 27 per cent of the total to get rid of its substantial share of the surplus.

The *net* cost, however, will be much less and will vary considerably among member states. The West Germans, for example, will be paid a relatively generous rate of interest (6 per cent) given their borrowing costs but Ireland (which gets only 7 per cent) has complained that it could have to pay an extra 6-7 per cent from its own budget to finance its loan over the newly-extended period. Even so, an Irish official estimates that the net cost to the Irish exchequer will be only about I£4m-I£5m.

Calculations will have to take into account the amounts which would have been reimbursed by Brussels under the existing rules and savings.

WHERE THE BUTTER IS STORED
(tonnes)

Belgium	33,162
Denmark	18,523
West Germany	407,827
Spain	12,584
France	190,951
Ireland	157,967
Italy	1,410
Luxembourg	672
Netherlands	255,619
UK	259,041
Total	1,337,756

Source: EEC

Greek unions in 24-hour strike

By Andriana Ierodiaconou in Athens

GREEK trade unions started a week of strike action for higher pay yesterday with a 24-hour nationwide strike which closed banks and factories and disrupted air, road and rail transport.

The strikes scheduled to be repeated, with the official support of civil servants, shopkeepers and craftsmen next Monday, while banks are to remain closed for a week.

Lower end

The unions are hoping to improve upon the miner, but appetite - whetting, victory scored through a one-day *general strike last month.* Then the Socialist government, which is trying to implement an economic stabilisation programme with a tight wage policy, raised the earnings of workers at the lower end of the salary scale slightly by revising Greece's scaled system of wage indexation.

At the same time the Economy Ministry warned that no further concessions were possible without jeopardising the stabilisation programme.

Determined

A government spokesman said yesterday: "The Government has set a specific incomes policy for this year which it is determined to implement."

The strike action was accompanied by a bomb explosion in the early hours of the morning at a Finance Ministry annexe housing value added tax services in central Athens. The "Revolutionary Popular Struggle" claimed responsibility.

Soviet decree provides for cafe co-operatives

CAFES, restaurants and snack bars throughout the Soviet Union may be run on a co-operative basis under a decree adopted by the Soviet Government, which ends the state *monopoly on eating establishments*, **Reuter reports from Moscow.**

The decree, published yesterday in the Communist Party newspaper Pravda, says a co-operative must involve at least three people who may set prices and salaries and distribute profits, after payment of income tax, without state interference.

The co-operatives, to be owned collectively, may rent premises and equipment from state bodies and may receive loans from the state bank to begin operations.

The decree says that co-operatives are to be composed primarily of people outside the state labour force — housewives, students and pensioners. Workers may join but must keep their regular jobs and take part only in their spare time.

Members of co-operatives will decide for themselves about working hours and holidays. They must pay for public utilities on the same basis as publicly-owned eating establishments, and must register with the local authorities.

● In Moscow, 12 people were briefly detained yesterday as they tried to stage a protest in a busy street against the imprisonment of Jewish dissident Iosif Begun, witnesses said.

They said several dozen plain-clothes men closed in on a small group of demonstrators, including Mr Begun's wife, Inna, who tried to gather for the fourth successive day on the Arbat, a pedestrian street off Moscow's main ringroad.

Mrs Begun told reporters she was released after being warned not to continue the protests. The other demonstrators were also freed after a brief detention.

Reuter adds from The Hague: Soviet dissident psychiatrist Anatoly Koryagin is among 16 political dissenters who have refused to sign a document that would allow their release from prison, labour camp or exile, a Dutch human rights group said yesterday.

Leslie Colitt reports from Erfurt, East Germany, on the battle to control the filth

The pollution threat from East to West

THE once-crisp air in Thuringia's valleys has been fouled by the burning of brown coal and the exhausts of two-clinder cars powered by petrol distilled from coal.

A dense yellow-brown blanket of sulphur dioxide and carbon monoxide fumes hangs suspended over cities, towns and rural areas.

A rough triangle running east from Erfurt, near the West German border, to Katowice in southern Poland and on to Brno in Czechoslovakia, contains one of Eastern Europe's largest industrial concentrations and some of Europe's worst air and water pollution.

Around Halle, the site of East Germany's Leuna and Buna chemical complexes, the sun is always hazy behind dense layers of unfiltered industrial emissions.

In industrial Silesia, Polish children are sent to the northern lakes in the summertime to breathe cleaner air. The incidence of lung cancer and other respiratory diseases among Silesians is well above the already high national norm.

Corrosive gases from the Nowa Huta steelworks are eating into the medieval architectural treasures of Krakow.

An aluminium plant near Krakow was shut down by the Polish Government in 1981 after a campaign launched by the Solidarity union. Union officials had disclosed long-suppressed evidence from Krakow doctors that toxic wastes dumped from the plant had caused massive ground water pollution. Local residents had long wondered about the extraordinary level of serious birth defects and incurable illnesses in the area.

Once thickly-wooded slopes in the Ore mountains along the East German - Czechoslovak border have been denuded by acid rain pollution from lignite-fuelled power stations and factories in Cheb and Most. Despite higher pay and other benefits it is difficult to lure Czechoslovaks from less polluted regions to settle in these industrial towns of northern Bohemia.

In Poland the authorities grabbed the initiative from the banned Solidarity union and openly acknowledged that the nation was blighted by air and water pollution. The Polish media carried accounts of the effects of industrial and vehicle emissions on human life and buildings. But the Government said pollution would get much worse before there could be any improvement as no money was available for anti-pollution equipment.

Czechoslovakia at first reacted to accusations that pollution from its lignite power stations were killing forests in neighbouring Bavaria by charging that it received three times more air pollution from West Germany.

The Czechoslovak news agency issued optimistic accounts of Czechoslovak industrial filters made of cloth which were "100 times more effective" than those elsewhere in trapping fly ash from smoke stacks.

But in recent years Czechoslovakia has acknowledged that it is a major polluter across its frontiers. The Government has pledged a 30 per cent decrease in sulphur dioxide emissions by 1993, in no small part because the "golden city" of Prague is seriously threatened.

West Germany, where dying trees are a real political issue, pursuaded Czechoslovakia to accept German desulphurisation "scrubbers" on loan for two power stations to be installed from 1991. The Czechoslovak press reported that Comecon-designed anti-pollution equipment would also be installed this year, reducing sulphur dioxide emissions by 200,000 tonnes a year.

The West Berlin-based German Institute of Economic Research (DIW) recently produced a study showing that 3.3m tonnes of sulphur dioxide were emitted in Czechoslovakia in 1982. East Germany in the same year produced 5m tonnes and West Germany 3m tonnes.

Workmen load warning signs in Munich.

Czechoslovakia thus had double the emissions per square kilometre as West Germany and half those of East Germany. DIW said it was most unlikely that Czechoslovakia could reduce its emissions by 30 per cen tby 1993 to below the level of 1980. Sulphurous lignite will be increasingly used in Czechoslovakia and anti-pollution equipment is to be installed only on a small scale.

Efforts to co-operate within Comecon to protect the environment have not been overly effective. Comecon's council for environment protection set up in 1973 commissioned more than 2,000 research projects but did little else.

Two serious oil spills in the Czechoslovak industrial city of Ostrava late last year polluted the Oder river deep into Poland and led to mutual recriminations. Polish officials charged that the Czechoslovaks had misled them about the volume of oil released and demanded compensation for damages.

A second five-year co-operation agreement on environmental protection between East Germany and Czechoslovakia signed last December said 30 power stations and factories would be equipped with anti-pollution equipment. But the accord was vague on whether the equipment would consist of more than the fly ash filters now being installed on factory smoke stacks in both countries.

For years the only public utterances about environmental pollution in East Germany came from Protestant church groups. Despite the exposure of millions of citizens to air and water pollution the Government ignored the problem.

Growing concern among ordinary East Germans and outside pressure produced a change in strategy; but there was no official acknowledgment that the pollution problem was especially serious. The government spoke optimistically of planting "some-resistant" saplings on a large scale to make up for lost forests.

West Germany said this week it was ready to help East Germany adopt effective anti-pollution measures following smog alarms in West Berlin and northern Germany—triggered largely by massive emissions from East German lignite-fuelled power stations.

Bonn's Economics Minister, Mr Martin Bangemann, said he favoured offering East Germany the necessary know-how and equipment. West German engineering companies were considering the building of a pilot desulphurisation plant in East Germany but the government stressed that East Germany could not be "desulphurised" free of charge.

A British company Davy Corporation last year won the first contract to build a desulphurisation plant for a power station in East Berlin.

East Germany entered into protracted negotiations with West Germany on an environment protection agreement which would entail joint action to reduce air and water pollution and regulate the disposal of toxic wastes.

Western specialists say that even with more nuclear power, reducing East Germany's enormous sulphur dioxide emissions will be an uphill struggle. East Germany last year increased lignite production to a record 321m tonnes from 276m tonnes in 1982. The goal for 1990 is 335m tonnes.

Most acid rain which falls on West Berlin stems from five big lignite-fuelled East German power stations. A glimmer of hope arose last June when East Germany signed a contract with a British engineerinfg company to install the country's first desulphurisation equipment at a large East Berlin heating station. The West Berlin environment office estimated it would reduce air pollution in the divided city by up to 3 per cent.

NOTICE OF REDEMPTION

To the Holders of

FINANCE FOR INDUSTRY LIMITED

(now Investors in Industry Group plc)
10% Sterling/U.S. dollar payable Bonds 1989

NOTICE IS HEREBY GIVEN that, the *Annual Redemption* due *March 15, 1987* has been carried out by a selection by-lot of £450,000 nominal Bonds on January 26, 1987 for redemption at par as follows:

OUTSTANDING BONDS OF £1,000 EACH BEARING SERIAL NUMBERS ENDING IN THE FOLLOWING TWO DIGITS:

01 40 63 79 97

ALSO BONDS OF £1,000 EACH BEARING THE FOLLOWING SERIAL NUMBERS:

1	664	1164	1464	2164	2664	3364	4564	4864	5464	6464	7264	8764	10064	11664
64	764	1264	1564	2264	2764	4164	4664	5264	5564	6564	7364	9564	10164	11884
364	964	1364	1764	2564	2864	4364	4764	5364	5864	6764	7464	9864	11464	11984

Said Bonds may be presented for payment to **Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015** or to the other Paying Agents named on the Bonds.

Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due March 15, 1987 should be detached and collected in the usual manner.

PAYMENT WILL BE MADE ON MARCH 15, 1987 AGAINST SURRENDER OF BONDS IN *STERLING OR, AT THE OPTION OF THE BEARER, IN U.S. DOLLARS CALCULATED* AS SET FORTH IN CONDITION 6 OF THE BONDS. SUCH OPTION TO RECEIVE DOLLARS IS IRREVOCABLE AND MAY BE MADE ONLY BY THE PRESENTATION AND SURRENDER OF SUCH BONDS, TOGETHER WITH A COMPLETED NOTICE OF EXERCISE OF DOLLAR OPTION, AT THE PRINCIPAL OFFICE OF ANY OF THE PAYING AGENTS NOT LATER THAN MARCH 6, 1987. INTEREST ON THE BONDS IS PAYABLE ONLY IN U.S. DOLLARS.

Payments will be made (i) in the case of any payment to be made in pounds sterling by a check drawn on, or by transfer to an account maintained by the payee with, a bank in London, subject in each case to any laws or regulations applicable thereto, and (ii) in the case of any payment to be made in U.S. dollars, at any agency outside New York City by a check drawn on a U.S. dollar account, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City, subject in each case to any laws or regulations applicable thereto. Any such payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8 in the case of non-U.S. persons certifying under penalties of perjury that the payee is not a U.S. person or an executed IRS Form W-9 in the case of U.S. persons certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

From and after March 15, 1987 interest shall cease to accrue on the Bonds herein designated for redemption.

INVESTORS IN INDUSTRY GROUP PLC
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Principal Paying Agent*

Dated: February 13, 1987

AMERICAN NEWS

US retail sales fall record 5.8% in January

US RETAIL sales dropped by a record 5.8 per cent in January as less favourable tax changes took effect and cut into car and other consumer business, the Commerce Department reported yesterday, Reuter reports from Washington.

The January drop, after a revised 4.6 per cent sales increase in December, included a record 22.4 per cent fall in car sales.

Car sales had boomed late in 1986 before new US tax laws on January 1 ended a provision for deducting state sales taxes from taxable income.

The January fall in retail sales exceeded the previous record drop of 5.2 per cent in October 1986, and indicated consumers were tightening their spending entering 1987.

Excluding cars, sales were down 0.1 per cent in January after rising by 1.1 per cent in December, the department said.

Last month's car sales drop to $35bn dollars followed a 16.1 per cent increase in December. The previous record car sales decline was a 19.5 per cent drop in October 1986.

The report of falling retail sales—suggesting a major stimulus for economic expansion is weakening—was only one sign consumers may be more reluctant to spend under a more restrictive tax system.

The Federal Reserve Board said last Friday that consumer instalment credit edged ahead in December at the slowest monthly pace in six years.

Instalment credit, composed of credit cards, car financing, and other consumer loans, rose a seasonally adjusted $105m in December after a revised $3.26bn rise in November.

Retail sales of durable goods fell 14.1 per cent in January after rising 10.2 per cent in December, the department said. Sales of cheaper, non-durable goods were virtually unchanged at $74.7bn dollars after increasing by 1 per cent in December.

The sales report adds to a picture of uncertain economic activity in the early months of 1987 as business and consumers adjust to ne wtax laws.

The government last Friday reported a surge in new jobs during January that appeared to point to a strengthening economy, though the nation's jobless rate of 6.7 per cent was unchanged from December.

Civilian Contra leader says he intends to quit

BY ROBERT GRAHAM, LATIN AMERICA EDITOR

MR ARTURO CRUZ, the key civilian figure in the US-backed Contra leadership struggling against the Sandinista Government in Nicaragua, has given notice of his intention to resign. This move has been forced by serious differences with the military leadership in the umbrella organisation, the United Nicaraguan Opposition (UNO).

Mr Cruz, a former Sandinista ambassador to Washington, has been the centrepiece in the Reagan Administration's propaganda drive both to convince Congress and international opinion that the Contras are a credible democratic alternative to the marxist-orientated Sandinista Government.

Without him, the UNO once again becomes a primarily military organisation, some of the controllers of which are former officers in the Somozist National Guard and have been discredited for their links with drugs and misuse of funds.

Speaking on the US ABC television network on Wednesday night, Mr Cruz said: "I'm convinced that the coalition (UNO) isn't working in an effective manner. I believe that some changes and reforms are necessary. Whatever reforms have been . . . have not worked." Then he added: "For this reason I am leaving."

He has been threatening to resign for at least six weeks. It is possible that he will be pressured to reconsider his position.

But even if he does, now that his disagreements are public, this can only weaken the Contra cause further.

The UNO was formed in June 1985 as a result of strong US pressure for both the military and civilian opponents of the Sandinistas to form a united front.

Mr Cruz from the outset had strong personal reservations about being part of the three-man leadership because of what he believed was the likely dominance of the military faction.

This was headed by Mr Adolfo Calero who headed the main military Contra group, the Nicaraguan Democratic Force (FDN), run in turn by a former colonel in the National Guard, Mr Enrique Bermudez.

Arturo Cruz: lack of military clout.

At the time he believed Washington would be able to exert sufficient pressure on the FDN via the supply of funds and equipment. He also believed that the third man in the UNO leadership, Mr Alfonso Robelo, who had served in the Sandinista Government, would act as a balance.

Disagreements in the leadership have been more or less continuous and were only papered over in a stormy informal congress in Miami last summer.

Mr Cruz discovered that he has been used as the acceptable public face for the Contras while he has exercised no say over military activity. This has remained firmly in the hands of the FDN, controlling some 10,000-12,000 men operating from inside Honduras.

Militarily out-matched, the Contras have increasingly turned to causing economic damage inside Nicaragua and harassing the civilian population. This has convinced Mr Cruz that the political task of winning hearts and minds inside Nicaragua, or establishing a dialogue with the Sandinistas, has become more difficult.

Since the breaking of the Irangate scandal in the US, his associates believe more emphasis should be placed on political not military objectives.

Iran probe 'links NSC to private Contra aid'

By Lionel Barber in Washington

THE Tower Commission investigating the Iran arms scandal was yesterday reported to have discovered new material linking the National Security Council to private efforts to aid the Nicaraguan Contras during a Congressional ban on such aid in 1984-86.

The commission, set up by President Reagan to study the role of the NSC, has been granted a week's delay to complete its work and is now expected to publish a report on February 26.

The Iran scandal—which appeared to have lost some of its momentum—has revived this week amid a series of damaging disclosures and fresh reports of serious divisions within the Administration.

The Washington Post yesterday published a detailed account of how Mr George Shultz, US Secretary of State, held a showdown with President Reagan after he learned that testimony prepared by the former director of the CIA, Mr William Casey, would have misinformed Congress.

Mr Shultz's objections—coupled with an intervention by the State Department's top lawyer—were instrumental in forcing Mr Edwin Meese, the US Attorney General, to begin an investigation which culminated in the disclosure that money from secret arms sales to Iran had been diverted to the Contras.

The Post's account is less of historical interest and more a reflection of the fierce infighting in the Administration and doubts about the future of both Mr Shultz and Mr Donald Regan, the abrasive White House Chief of Staff.

The report on Mr Shultz's intervention last November said that the Secretary of State objected to Mr Casey's proposed disclaimer that the US Government knew anything about a shipment of Hawk anti-aircraft missiles from Israel to Iran in November 1985.

The testimony apparently would have said that the US thought the shipment was made up of oil drilling equipment.

But the Post said this amounted to a cover story

Bernard Simon on Ottawa's retreat from unquestioning hospitality

Canada grows choosy on refugees

CANADA is sharpening its immigration policies as commercial, political and social forces combine to make Ottawa more choosy about who should be let into one of the world's most desirable places to live and work.

The Government has begun to retreat from Canada's unquestioning hospitality towards refugees after a flood of prospective settlers from such relatively peaceful countries as Turkey and Portugal who maintain that they have come to Canada to escape persecution.

Visa requirements have been imposed on seven countries in the past year. The Cabinet is examining legislation aimed at a more general tightening of policies towards refugees.

By contrast, Ottawa is rolling out the red carpet to wealthy foreigners who are willing to put up at least C$250,000 in return for permanent residence in Canada. Applications from this new category of "investor immigrant" receive higher priority than any other, with the exception of refugees and families of people already living in Canada.

Canada's distance from the world's troublespots has allowed it the luxury of being able to choose refugee immigrants. Government officials and church and other private groups visit refugee camps throughout the world, selecting people they think are best suited to Canada's culture and harsh climate.

About 17,000 people were brought to Canada in this way last year, mostly from Guyana, Vietnam, Iran, Poland and El Salvador.

But this orderly selection process has been undermined lately by large numbers of unscreened people turning up at Canadian airports and border posts and claiming refugee status.

Mass air transport, an efficient international bush telegraph and tightening curbs in other countries have all brought the refugee problem onto Canada's doorstep. More than 1,300 Turks, as well as several hundred Salvadorans and Chileans, arrived in Montreal in the final three months of 1986. The total number of refugee claimants has soared from 1,600 last October to 3,700 in January.

The law allows anyone claiming refugee status to stay in the country while his or her case is investigated. These probes take up to three years to complete, and deportations are rare. In practice, all refugees able to make their way to Canada have eventually become landed immigrants and, after another three years, citizens if they so wish.

But attitudes have hardened. The 155 Sri Lankans set ashore from a West German freighter off the Newfoundland coast last July, and the recent flood of Turks and Latin Americans, have inflamed prejudices and raised legitimate concerns.

Canadians are especially irritated by the transparent falsity of many refugee claims, and the strains which the newcomers put on welfare services.

On the other hand, Canada is scouring the world for new investor immigrants. Demand from local entrepreneurs for the immigrants' funds far exceeds supply.

In the first six months of the investor immigrant programme to last September, visas were issued to only eight investors promising to transfer C$11m to Canada. Another 88 applications were being processed.

Canadian Imperial Bank of Commerce, which has set up seven investment syndicates for immigrants, says it has been inundated with requests from Canadian businesses wanting to tap this new source of funds. Mr Ian Turpin, CIBC's assistant general manager for international private banking, says: "We have the luxury of being able to choose what we want to do."

The syndicates, each made up of between eight and 20 people, have so far invested in such diverse ventures as an Alberta shopping mall, a British Columbian fish farm and an Ontario industrial gas company. According to Mr Turpin, recipients of the funds are usually smallish but established companies wanting to expand their product line or enter new markets.

About half the investor immigrant applications processed so far are from Hong Kong. But the net is widening. CIBC is examining the potential of Taiwan, and Mr Turpin reports growing interest from Kuwait and other Gulf States.

Although CIBC sets up the syndicates, all decisions are made by the investors themselves. A leading Canadian auditing firm, Clarkson Gordon, acts as the funds' financial adviser. Local investment managers look for suitable outlets for the syndicates' funds.

While the number of investor immigrants is still modest, interest has grown rapidly in two other business immigrant programmes, which are targeted at entrepreneurs and self-employed people. About 2,500 visas were issued to business immigrants last year, 17 per cent more than in 1985. The number of applications has jumped by 40 per cent.

Coinciding as it does with the clampdown on refugees, the priority given to business immigrants has stirred up controversy. Critics maintain that the Government should give more attention to people who desperately need a new home, rather than those who are quite comfortable where they are. Immigrant selection, they contend, should not be based on material wealth.

Mr Benoît Bouchard, Canada's immigration minister, said the Government had no choice but to accept another 250 Tamil refugees who are apparently about to set sail from West Germany.

The German authorities earlier tipped off Ottawa that an operation was being organised similar to the one last July when 155 Tamils were set adrift in lifeboats from a German freighter off the coast of Newfoundland. They had each paid C$2,700 for the journey.

Mr Bouchard said that Tamils were entitled to admission into Canada as genuine refugees because of the civil strife in Sri Lanka. But he told parliament that the Government was considering "temporary measures" to staunch the flow of refugees, especially Latin Americans entering Canada from the US.

The new measures may include fines against transport companies carrying illegal immigrants to Canada, visa requirements for more countries, and transit visas.

Surinam premier and foreign minister resign

SURINAM'S Prime Minister and Foreign Minister have both resigned in a Cabinet shakeup which may extend to other ministers, the Surinam News Agency reported yesterday, Reuter reports from Paramibo.

No reason was given for the resignations of Prime Minister Pretaapnarian Radhakishun and Foreign Minister Hendrik Herrenberg, which was announced in a government communique. Deputy Prime Minister Jules Wijdenbosch was to take over Mr Radhakishun's post.

According to the communique, Mr Radhakishun resigned following a meeting last night of the Topberraad, a nominated nine-member governing council.

Mr Herrenberg's resignation was given on Tuesday and accepted on Wednesday, the agency said.

The Dutch radio station AVRO reported earlier yesterday that five ministers had stepped down in the former Dutch colony over differences on how to combat an eight-month-old guerrilla insurgency led by former soldier Ronny Brunswijk.

US seeks World Court ruling on fate of company

EIGHT MONTHS after rejecting World Court authority in a case brought by Nicaragua, the US has gone to the court against Italy over its 1968 seizure of a US-owned company, AP reports from The Hague.

The US is seeking compensation on behalf of the Boston-based Raytheon, a major defence contractor, for the loss of the Palermo-based company Elettronica Sicula (ELSI), a manufacturer of cathode ray and vacuum tubes.

ELSI was a subsidiary of Raytheon and another US company, Matchlett Laboratories.

The February 6 submission to the court of the US claim for compensation is based on the 1948 Treaty of Friendship, Commerce and Navigation between the two countries.

The Hague Court, formally known as the International Court of Justice, is the judicial arm of the UN. It has no enforcement powers and depends on voluntary compliance by states coming before it.

WORLD TRADE NEWS

Two groups battle for Boeing 7J7 engine contract

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TWO GROUPS, General Electric of the US and International Aero Engines (IAE), the five-nation consortium that includes Rolls-Royce and Pratt and Whitney, are involved in a major battle to win the engine deal for the projected Boeing 7J7 150-seat airliner. The order will be worth several billion dollars.

A market for well over 1,500 engines is at stake in upwards of 500 7J7 airliners by the end of the century. Boeing wants the matter settled by the end of March so that it can proceed with full-scale development of the 7J7.

General Electric is offering its GE-36-B22A prop-fan and IAE its new Superfan—both are "ultra-high by-pass" engines, of about 25,000 lbs thrust. They offer substantial reductions in fuel consumption over current turbo-fan engines, but achieve those results in different ways.

The GE prop-fan is an "open rotor" engine with two counter-rotating hubs, on each of which is mounted a set of eight blades, shaped rather like ships' screws.

Because of this design, the prop-fan is considered safer if mounted at the rear of the fuselage of the 7J7.

The Superfan is much bigger than any existing engine. Its fan is 107 inches in diameter against 69 inches for the biggest Rolls-Royce RB-211 engine. The engine is "shrouded," that is, the fan is encased in a nacelle, and so it can be safely mounted under the wings of the 7J7.

Because the fuselage of a prop-fan powered 7J7 would be longer than a Superfan powered aircraft Boeing cannot afford to offer airlines two versions of the 7J7.

Boeing's preference continues to be the prop-fan, on which it has done much development work with General Electric. It cannot afford, however, to ignore the Superfan, and it recognises that a choice has to be made.

Boeing wants to settle the matter if possible by the end of March in order to preserve its tight development time-scale for the 7J7. Roll-out is due around 1990, the first flight in 1991 and delivery by 1992.

But Boeing will only make its decision after close consultation with the airlines and the engine builders. It is now in intensive talks with the major airlines and the two engine companies to determine market preference.

The issue is especially critical for General Electric because so far the projected 7J7 is the only outlet for the GE-36 prop-fan engine.

IAE, however, has already secured agreement with Airbus Industrie to offer the Superfan on the forthcoming Airbus A-340 four-engined long-range airliner.

The loss of the 7J7 market would thus be a serious blow not only to General Electric but also to the whole "open rotor" concept of ultra-high by-pass engines on which many hundreds of millions of dollars have been spent in development.

Philips and Sony to unveil audio-video 'combi-player'

BY LAURA RAUN IN AMSTERDAM

PHILIPS of the Netherlands and Sony of Japan, the two consumer electronics companies that developed the compact disc, are planning to unveil a combination audio-video compact disc player this summer in hopes of capitalising on the success of sound systems using the technology.

The two companies also are introducing a new golden 5 in video disc which they hope will become as well known as the popular silver audio discs. The video disc will carry five minutes of combined pictures and sound and 20 minutes of high-quality sound.

Prices will range from Fl 1,500 (£468) to Fl 2,000 for the new 'combi-players,' which will be launched in the US in June and in Europe in August.

Few companies see policy switch as a true change of heart, Louise Kehoe writes

Exporters doubt US move on high-tech curb

FOR International Microelectronic Products Corporation, this week's proposals to liberalise US export control regulations have come too late.

Last year the semiconductor chip company lost a $1m (£715,000) order from a large Swiss company because it could not provide the US Commerce Department with guarantees that the end-product, a home-heating control system, would not be sold in the Eastern bloc.

The company's story mirrors that of hundreds of US companies making chips, computers and electronic equipment, which have been frustrated in their efforts to sell abroad by what they consider to be the over-zealous protection of US technology.

Most aggravating, for the US companies, is to see their foreign—often Japanese or European—competitors pick up the business they are prevented from winning.

For these industries, the proposals made by Mr Malcolm Baldrige, US Commerce Secretary, to ease export controls represent a policy switch which could signal new export opportunities.

But after years of fighting Washington bureaucracy, few are prepared to recognise the Commerce Secretary's statements as a true change of heart.

"His statements are obtuse. Although it sounds like a move in the right direction, it is difficult to say what it will really mean in terms of easing export control," says Mr Lou Perrone of Branson International Plasma.

Branson International, a maker of semiconductor production equipment has spent three years and "many thousands of dollars" trying to obtain approval to sell its products in China.

Mr Malcolm Baldrige

"We praise him for taking a stand on this issue and wish him strength in standing up against other forces in Washington," says Mr Bill Reed. Executive director of the trade group Semiconductor Equipment and materials Institute.

Nevertheless, Mr Reed questions the Commerce Department's ability to overrule the Defence Department, which for several years has effectively controlled export regulation.

"If they are implemented, Mr Baldrige's proposals should provide significant benefits for US industry, and his personal interest in this matter could help to get them implemented," says an official at the Semiconductor Industry Association, a trade group representing US semiconductor manufacturers.

"There is a growing recognition of the effects of export controls on the international competitiveness of US industry," the SIA adds. "But I do not see the department of Defence relinquishing control."

As long as the Defence Department maintains its powerful Security Trade Control Department, a major barrier to high-tech exports will remain, industry officials believe.

Another major problem that must be dealt with before any significant change occurs in export control would be a reduction in the list of 40,000 items on the US Commodity Control List—items that may not be exported without a special licence.

Industry executives claim the list could be halved without any threat to US Security.

Baldrige flies high as control costs rocket

BY NANCY DUNNE IN WASHINGTON

"THE greatest reform of all," said Mr Don Bonker, chairman of the House International Economic Policy and Trade sub-committee, "is the impending departure of one Assistant Secretary of Defence."

Members of the US House Ways and Means Committee, meeting last week to discuss remedies for the country's trade deficit, laughed appreciatively.

Reports that the Pentagon's Mr Richard Perle, the Administration's most articulate proponent of stringent export controls, would soon be leaving his job, though denied by the White House, are still widely given credence.

The belief was strengthened on Monday with an announcement by Mr Malcolm Baldrige, US Commerce Secretary, of sweeping proposals to ease export controls. After years of fighting off (and losing to) efforts by Mr Perle to increase the Pentagon's role in licencing technology with any conceivable kind of strategic application, Mr Baldrige apparently felt free to act on his own authority. He struck before the "cabinet-level review" of controls, requested by President Ronald Reagan for March.

Whether or not Mr Perle leaves, Mr Baldridge's position could well be stronger than at any time in his six years in office. With the *Democratic* house, he has resisted Pentagon interference in the export licensing régime.

His stock has been rising with the competitiveness debate, fuelled by the trade deficit. In this he has been assisted by the recent National Academy of Sciences report estimating the cost of export controls last year at $9bn (£6.4bn).

Last month, acting with the approval of Mr George Shultz, the Secretary of State, Mr Baldridge announced the end of foreign policy controls on exports of oil and gas equipment to the Soviet Union.

This week he announced the creation of two new general licences, which virtually decontrols exports to government sponsored enterprises and agencies of nations in the Paris-based Co-ordinating Committee for Export Controls (Cocom).

This step alone, he said, would cut licence requirements, now in effect for 40 per cent of US sales, by 20 per cent.

He then stressed that reform of the export control system was needed because of a "growing shift away from the use of American products."

The department, Mr Baldrige said, was exploring means of expanding the general licence to non-government enterprises and would eventually extend them to non-Cocom countries in the West which establish "adequate export control programmes."

On his own authority, Mr Baldrige has heralded "significant revisions" in regulations governing parts and components. These rules have allowed the Pentagon to reject licences for replacement parts of products approved and sold years ago.

He is also acting to remove most of the re-export requirements for technology going to Cocom countries, and eliminating licensing requirements for "low level" exports to non-Cocom Western trading partners.

In addition, he is seeking to reclaim ultimate authority on most exports through proposed legislation now on the President's desk.

Mr Richard Perle

This would more precisely define "foreign availability" —exports readily available to the Eastern bloc from US trading partners—set specific deadlines for licences, and give the Commerce Secretary the power *to give final approval no matter* who objects.

Administration officials have talked about limiting controls to those items on the Cocom list, and Mr Baldrige has declared that the list could be updated and whittled down because many of the technologies are outdated.

In deference to conservative *sentiment, Mr Baldrige* declares that the export control system has been "successfully restored and improved". Now, it is time to dismantle its excesses.

Polish miners set to own computers

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S coal and copper miners are set to join the ranks of home computer owners following recent delivery of 1,700 computers worth around £1m by Acorn, the British company, to the PZG chain of stores. The company has supplied 1500 Master Compact and 200 Master 128 machines.

The PZG shops cater exclusively to the miners selling them Western goods for zlotys earned during weekend working when some 30m tonnes out of the 192m tonnes of coal mined annually is produced.

The shops were set up as an incentive to miners to work weekends in 1982 and supplies are financed by income from hard-currency coal sales.

Acorn, which is currently exhibiting at a home computer fair in Warsaw, is also engaged in talks with Polish education authorities on providing computers for schools.

The fair, first held last year in the Polish capital, is the first of its kind in Eastern Europe.

This year, there are 70 exhibitors including ICL, Hewlett Packard and Ferranti, twice as many as in 1986, and interest from Polish business and individuals continues to be strong.

Commodore Computers pulled out of the Warsaw fair at the last minute because of Cocom restrictions which prevented it exhibiting its latest models.

Japan cool on military 'swap' pacts with Europe

By Ian Rodger in Tokyo

JAPANESE officials have poured cold water on the idea of agreements with the UK, West Germany and Italy for the exchange of military technology.

"The chances are practically nil, given the political circumstances and our long-established policy on the export of arms and arms technology," a Foreign Ministry official said yesterday.

The idea of an exchange agreement has been put forward by Panavia Aircraft, the military aircraft consortium backed by the West German, Italian and British Governments, as a means to promote the sale of its Tornado aircraft to Japan's Defence Agency.

Japan is in the midst of considering the purchase of a new fighter bomber to replace its ageing fleet of 70 Mitsubishi F1S. The Defence Agency is under heavy pressure from domestic industry to buy a newly-designed Japanese aircraft, the FSX, and under equally strong pressure from the US to buy the McDonnell-Douglas F18 or the General Dynamics F16.

Foreign Ministry officials said the Government would be most reluctant to consider any new *military* technology agreements following the strong parliamentary and public opposition it faced three years ago in trying to set up one with the US.

Japan's security policy effectively prohibits the export of military equipment or technology, but the Government decided in 1983 to make an exception in the case of the US.

It argued that since the US was obliged by treaty to defend Japan, then Japan had a moral obligation to cater to US needs.

Officials said the lack of a legal framework with European countries within which an agreement could be reached, together with the strong public opposition to Japan becoming an arms dealer, made the prospects of a deal slim.

Italian energy order

ANSALDO, the Genoa-based Italian state engineering company, has won a L250bn ($189.3m) contract for two boilers for a power station in India's West Bengal Province, Alan Friedman reports.

India's National Thermal Power Corporation and Italy's IRI-Finmeccanica state holding group, which owns Ansaldo, signed the order in New Delhi.

OVERSEAS NEWS

Japanese EEC trade surplus set to stay high

By Ian Rodger in Tokyo

JAPAN'S TRADE surplus with the European Community is likely to remain high this year, partly because of the recent recovery of European currencies against the Yen, according to a Japanese Foreign Ministry official.

"My view is that Japan's export drive will remain strong, so I do not expect a drastic improvement in the trade balance," the official said yesterday at a briefing for foreign journalists. Last year, Japan's trade surplus with the EEC reached $16.7bn, up 45 per cent from 1985.

The forecast was backed up by the January Customs-cleared trade figures, published yesterday by the Finance Ministry. Exports to the EEC in January were up 48.3 per cent to $2.8bn, reversing a weakened trend of the previous three months. Imports from the EEC rose 39.5 per cent to $1.2bn.

Japan's total trade surplus in January slid to $4.3bn. In December, the surplus was a record $8.7bn and in November it was $7.35bn.

Exports were $14.9bn, 16.2 per cent higher than a year earlier but 24 per cent lower than in December, mainly because of a slowdown in car shipments. The value of imports was $10.6bn, down 3.1 per cent from a year earlier

Tokyo worries about SDI

JAPAN has joined other US allies questioning US intentions on the strategic defence initiative (SDI), following reports that Washington was seeking an early deployment of the system, Ian Rodger reports from Tokyo.

Mr Nobuo Matsunaga, Japan's ambassador to the US, met with Mr Michael Armacost, US Under Secretary of State, on Tuesday.

According to the Japanese Ministry of Foreign Affairs spokesman, Mr Matsunaga did not press the US to observe the anti ballistic missile treaty of 1972. However, he did remind Mr Armacost during the course of the 20 minute meeting that last September Japan had set out five principles under which it agreed to join the SDI research programme.

Among these principles was that SDI research should be carried out in conformity with the ABM treaty

Japan seeks homes for its aged

BY YOKO SHIBATA IN TOKYO

LAST SUMMER, Japan's Ministry of International Trade and Industry (Miti) startled the world by proposing the construction of new towns for Japanese retirees in comfortable overseas countries, such as Australia, Spain and Canada.

Many thought that the so-called Silver Columbia Project was just a silly season story, perhaps generated by an obscure Miti boffin seeking publicity.

It attracted a predictably sardonic response in many quarters. "Japan is finally exporting its aged," "they are dumping their aged overseas," or "this is Japan's new form of population control" were some of the reactions.

More seriously, people wondered whether the idea was designed to enable the Japanese Government to get around its responsibility for financing the rapidly rising pension and medical expense claims.

In fact, the Silver Columbia Project is not as strange as it first sounds. What is more, it has attracted thousands of inquiries from elderly Japanese people who would like to participate in such a scheme.

The main advantages of setting up retirement homes abroad came from the sharp rise in the yen's value which means that it would be much cheaper for retired people to live abroad than in Japan.

Miti officials see Spain and Portugal as the most likely candidates for the first Japanese settlements because both countries already have villages of West German and Dutch retirees and because the governments of Spain, Portugal and Mexico have already expressed their interest.

The Spanish Government tourist organisation held five explanatory meetings last month in Japan, and each drew large crowds of enthusiastic people.

The project, if it gets under way, would help Japan's emerging ageing problem. Life expectancy for women in Japan is already over 80, and the Japanese population over 65 will account for 25 per cent of the total by the year 2000, compared with 13.3 per cent at present. This means the average 60-year-old Japanese male can expect to live for another 20 years after retirement, the average women another 23 years.

The problem is that, although life expectancy has increased greatly, retirement payments and pensions have not kept pace. Obviously, pensions would stretch much further if retirees lived overseas.

The Australian embassy in Tokyo, which has had over 1,000 inquiries in past six month, says the country will welcome immigration of individual retirees, but not mass immigration of the aged.

Both the Australian and Canadian authorities demand that candidates for immigration show that they have adequate income and that they can speak one of the official languages.

Japanese companies in the construction and real estate sectors are eager to cash in on Miti's plan, and as many as 63 companies expressed their interest in it. Miti officials worry that unscrupulous businessmen might take the initiative and drive up overseas land prices.

Lately they have been kept busy denying Miti's connection with various private ventures, such as tours to Spain organised by tourist agents promising visits to the sites for planned Silver Columbia towns.

Early this week, Miti also dismissed a press report that it had agreed to buy a land site in southern Spain on which a Silver Colombia town would be built.

Pretoria 'needs bigger high-tech investment'

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA will have to develop its own high-technology industries and create higher added value from its mineral resource base in the face of technological changes which were reducing demand for its mineral exports, Mr Daniel Steyn, the Minister for Economic Affairs, warned yesterday.

Mr Steyn told a seminar on technological investment possibilities: "As high technology begins to replace our material requirements, as microwaves and glass fibres for example are replacing copper cables, South Africa cannot afford to let slip opportunities for maximising the exploitation of its mineral resources."

Last year, South Africa, the world's largest supplier of chromium, manganese, vanadium, platinum and gold, produced minerals worth R29bn ($13.9bn).

Mr Steyn added, however: "We should think hard as to why we produce only 0.1 per cent of the world's jewellery, hardly any of the gold items used in the electronics industry and only 1 per cent of the world's output of stainless steel, despite our wealth of chrome resources."

The search for ways of creating new jobs and investment opportunities by downstream manufacturing of minerals presently exported either raw or in ingot form is a key element in the Government's post-sanctions strategy.

A major drawback, however, is the shortage of skilled engineers and technologists, itself a function of an education system which has provided only the most basic education for most of the black majority and has also been biased against technical and scientific education.

S African minister names 4,000 detainees

By Anthony Robinson in Johannesburg

THE NAMES of nearly 4,000 detainees held for more than 30 days under South Africa's state of Emergency laws were tabled in Parliament yesterday by Mr Adriaan Vlok, the Minister of Law and Order.

Of these more than 1,000 have already appeared before the courts on charges of murder, arson, malicious damage to property, intimidation and assault.

Among the long-term detainees were 281 children under the age of 15, including three of less than 12 years, he added.

The official total is far below the unofficial estimates ranging up to 29,000 given earlier by the Detainees Parents Support Committee (DPSC) and the opposition Progressive Federal Party (PFP). But Mrs Helen Suzman, the PFP's law and order spokesperson, said the discrepancy was because it excluded thousands detained and released within 30 days

Mr Vlok defended the detentions as necessary to maintain public order and to bring an end to the State of Emergency. Young detainees were held separate from convicted prisoners and those awaiting trial in jails as close to their homes as possible, he said.

Drawing on international comparisons Mr Vlok added that 1985 crime statistics for England and Wales showed that 30 per cent of all crime was committed by children between 10 and 17 while in the South African case children as young as 12 had acted as "judges" in peoples courts and had even sentenced people to death. "We are not dealing with callousness towards innocent youth but the combating of revolutionary inspired crime," he concluded.

Pro-Iran militiamen seize Syria troops in Beirut

BY NORA BOUSTANY IN BEIRUT

IRANIAN-BACKED militiamen of the Hizbollah, or Party of God, seized 12 Syrian soldiers and 13 security men during bloody street clashes in Beirut yesterday in the first such showdown since Damascus dispatched troops here last July, Moslem security officials said.

Bearded militiamen crouched on street corners in the impoverished Sunni Moslem Basta neighbourhood where Hizbollah is said to have a main office and a detention centre for hostages. Security officials said the fighting was triggered when a patrol of Lebanese policemen and Syrian soldiers tried to stop a militiaman carrying arms.

Residents said two Syrian soldiers were killed, but security officials were not able to confirm the report. "When members of the patrol tried to arrest the man carrying arms, a group of Hizbollahis, burned down a jeep and an armoured personnel carrier," the security official said.

Though contacts were underway to ease the conflict, it capped mounting tension over growing Hizbollah influence in the streets of Beirut and a month of unrestrained kidnappings targeting foreigners and Christian residents.

The Syrian-Hizbollah confrontation was considered serious and raised the possibility of a crackdown on the Shia fundamentalist group. Yesterday's was the first battle involving Syrian soldiers and Hizbollah elements in the Lebanese capital since the Syrians sent hundreds of elite soldiers to help back a Lebanese security plan for the anarchy-ridden Moslem half of Beirut. Local radio stations have carried unconfirmed reports saying that Mr Terry Waite, the Anglican Church envoy was at one point held in the teeming Basta district.

Meanwhile, starving children continued to escape from the besieged Palestinian camp of Bourj at Barajneh south of Beirut, reconfirming that they and relatives have had to slaughter cats, rats and dogs in order to eat with dwindling food supplies.

At daybreak yesterday, Israeli warplanes struck a Palestinian concentration at the Lebanese village of Mieh Mieh above the port city of Sidon, killing one guerrilla, a civilian and wounding five militiamen and residents. A Palestinian Fatah commander on the scene said yesterday morning the raid was aimed at "killing two birds with one stone: drawing attention away from the suggested prisoner swap and stepping up pressure against besieged Palestinians in Lebanon."

Rivals combine to challenge Mahathir

BY WONG SULONG IN KUALA LUMPUR

THERE ARE increasing signs that a major political realignment is emerging within Malaysia's dominant United Malays National Oragnisation, UMNO, which would pose a serious challenge to Dr Mahathir Mohamad, the Prime Minister.

According to UMNO officials, it is very likely that Datuk Musa Hitam, former Deputy Prime Minister, would team up with Tengku Razaleigh Hamsah, Trade and Industry Minister to take on Dr Mahathir at the UMNO party triennial elections on April 24.

A strong indication of the pact came yesterday when Datuk Musa announced he would be defending his position as UMNO deputy president.

This is seen as paving the way for Tangka Razaleigh to challenge Dr Mahathir for the UMNO presidency, and, in effect, the prime ministership as well.

UMNO has ruled Malaysia continuously since independence 30 years ago, in coalition with other parties, and the coming party elections will have far-reaching implications on the future directions of this multi-racial, multi-religious country of 16m people.

Datuk Musa, 52, resigned as Deputy Prime Minister and Minister of Home Affairs last February following serious differences with Dr Mahathir, 61. He was accused of being disloyal. The Government then was at its lowest ebb, buffeted by a series of political and financial scandals and the economy was in deep recession.

To the surprise of almost everyone, Dr Mahathir bounced back with a stunning victory in the general elections last August. Firmly entrenched in the Government, he now prepares to consolidate his hold on the UMNO Party.

Datuk Musa and his supporters realise that on their own, they would be eliminated in the party elections, let alone dislodge Dr Mahathir—hence the partnership with Tengku Razaleigh.

A prince from Kelatan State, Tengku Razaleigh, 50, has been Datuk Musa's arch rival. He had unsuccessfully challenged him for the UMNO deputy presidency in 1981 and 1984. A formal announcement on the Razaleigh-Musa partnership is unlikely to be made, since party rules forbid such pacts.

Political observers say a Razaleigh-Musa combination would pose the most serious challenge to Dr Mahathir since he became UMNO president and Prime Minister in July 1981.

At this stage, it is difficult to assess the relative strengths of the various factions since the 133 UMNO divisions are just starting to hold their meetings to select about 1,500 delegates to the party's general assembly.

Most of the Malay chief ministers are supporting Dr Mahathir. Traditionally, the UMNO president is never challenged, and the various factions fight for the deputy and vice presidencies, and positions in the Supreme Council. However, this year's elections promise to break new grounds, as the power struggle gains momentum.

US wants no hostage trade

MR GEORGE SHULTZ, the US Secretary of State, has bluntly and publicly told Israel Washington wants no trade of American hostages in Lebanon for Arab prisoners in Israel, Reuter writes from Washington.

"We believe in no deals," Mr Shultz said in a television appearance last night. "We don't encourage other countries to make deals. We discourage it."

Mr Shultz made the statement amid widespread reports that Israel was negotiating a swap despite Israeli officials, denials.

He was asked if he had expressed the US position to Israel. "They know very well our views and your programme is another way of expressing it," he said.

The US Government opposed any deal because it would encourage kidnappers to take more hostages and because kidnappers had to pay for what he called their "terrible crime," he said. "We should band together and stand for the principle of no deals."

Israeli troops break up protest after shots fired

ISRAELI troops dispersed young Palestinian demonstrators who had gathered in the occupied West Bank town of Ramallah yesterday after Israeli civilians fired weapons in the air after their car was stoned, an army spokesman said, Reuter reports from Jerusalem.

Military authorities said the disturbance was minor, but it was the fourth consecutive day incidents had taken place in the Arab areas occupied by Israel since 1967. No one was hurt.

Troops used a single tear gas canister when they chased several dozen youths down side streets to break up the Ramallah demonstration, the spokesman said.

Passengers of an Israeli car stopped the vehicle and fired in the air when stones struck the car as it drove through central Manara Square, the spokesman said. The demonstrators gathered afterwards.

In Nablus, further north, youths threw stones at troops outside Joseph's Tomb, a biblical site holy to Moslems and Jews, security sources said. No one was hurt. Nablus was the site of disturbances yesterday after security forces arrested 39 residents of a refugee camp near there.

Israeli security sources told reporters they believed the disturbances were on orders from Palestinian guerrilla groups abroad. Their aim was to draw attention to the plight of Palestinians in refugee camps under fire from Lebanese Shia Moslems near Beirut, the sources said.

UK NEWS

Optimistic Bank report predicts further growth

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

ECONOMIC growth in Britain has strengthened, and the prospects are for further gains in output as industry responds to buoyant demand at home and to its improved competitiveness in overseas markets, the Bank of England said yesterday.

In a relatively optimistic assessment of economic prospects in its latest Quarterly Bulletin, the Bank says there are encouraging signs that the economy will continue to expand through 1987. It also expects growth to be more balanced than in 1986, with a stronger export performance and an upturn in investment playing a bigger role. Last year, rising consumer spending was the main factor generating growth.

The Bank, however, remains concerned about the outlook for inflation and appears to rule out a reduction in interest rates prior to the March 17 budget. It suggests some reduction in borrowing costs might be possible after the budget if Mr Nigel Lawson, the Chancellor of the Exchequer, lowers his target for the public sector borrowing requirement (PSBR).

The bulletin says that the three measures of gross domestic product – output, income and expenditure – have recently been giving a confusing picture of developments in the economy. The output measure has been rising strongly while growth in the other two measures has been subdued.

It concludes, however, that the output measure is providing the most reliable guide to the underlying trend and that the other two are probably underrecording both the growth in company profits and the rate of investment.

That picture is confirmed by developments in the labour market, where unemployment has been falling. The Bank says that much of the reduction can be accounted for by the expansion of the Government's special measures. But it adds: "It seems likely that, without these measures, unemployment would have been, at worst, flat over the past few months, in contrast with the previously persistently upward trend."

The Bank says it is also encouraged by the sharp deceleration in manufacturing unit labour costs last year and by indications from the Confederation of British Industry that the pace of pay awards may be slowing.

The extent to which recent productivity gains reflect a natural cyclical pattern, as opposed to an underlying improvement, remain unclear.

At the same time, the failure of sterling to strengthen significantly, in response to rising oil prices and strong growth in both bank credit and in the narrow measure of the money supply, argues against any immediate relaxation of the Government's anti-inflation strategy.

The Bank says that the underlying inflation rate is now about 4 per cent. It is thought to believe that this will edge higher later in the year.

Sterling's failure to respond to higher oil prices is probably due to the deterioration in Britain's visible trade performance, in turn a reflection of buoyant demand in the economy.

"In the past, periods of rapid expansion of UK domestic demand have led to sharp rises in import penetration which have not subsequently been entirely reversed," the bulletin says.

It adds, however, that it is too early to say that this pattern is repeating itself.

Explaining its caution against an early reduction in interest rates, the Bank say that Mo is firmly at the top of its official target, while bank lending is growing rapidly.

CBI/FINANCIAL TIMES SURVEY OF DISTRIBUTIVE TRADES

Weather clouds January sales

BY JANET BUSH

BRITISH retailers saw disappointing sales in January because of the bout of severe winter weather but are optimistic about business this month, according to the Confederation of British Industry (CBI).

Introducing the latest CBI/Financial Times survey of distributive trades, Mr Nigel Whittaker, chairman of the survey panel, said that, although many shops had suffered badly from January's weather, business had held up remarkably well and that more than two thirds of retailers reported higher sales than a year ago.

Footwear and leather shops, grocers and retailers of household textiles, furniture and hardware reported the best sales growth in January. Mr Whittaker said that January's blizzards had actually boosted sales of items such as shoes, boots and clothing. Small village grocers also did well out of the freeze.

A balance of +51 per cent of the 319 retailers who responded to the survey reported sales higher than a year ago compared with +54 per cent in December. This was slightly better than retailers expected, but sales were considered less buoyant for the time of year in January in comparison with December, probably owing to the bad weather.

About 61 per cent expected sales in February to be higher than a year ago and to recover from January's disappointing levels. Grocers were most optimistic about sales in February.

Wholesalers also suffered from the bad weather, which hampered distribution of goods. Sales slowed down more than they had expected. The balance of wholesalers reporting sales higher than a year ago fell to +42 per cent in January from +57 per cent in December.

Wholesalers of clothing, textiles and footwear, farm machinery dealers and builders merchants all reported sales lower than in January 1986.

However, wholesalers expect a recovery in February and slightly faster growth in orders.

Motor traders' sales volumes remained higher than a year ago in January, with a balance of +22 per cent in December. For February, a balance of +29 per cent of motor traders expect sales volumes to rise above those for February 1986.

In the distributive trades as a whole, the CBI said that orders placed had increased last month as expected and that slightly faster growth was predicted for February. A balance of +32 per cent of the 569 respondents placed more orders than a year ago last month and a balance of +38 per cent expect increased orders in February.

Reflecting the slower than expected sales growth last month, the rundown in stocks which had been anticipated in December did not materialise in January. However, a slow rundown in stocks is looked for in February.

City's investor protection body issues revised rule book

BY NICK BUNKER

THE SECURITIES and Investments Board (SIB) is publishing today its formal application to become the agency designated by the Government to become the UK's central investor protection body.

Along with the application, the SIB is also making public its revised rulebook and a detailed explanation of how it will use powers delegated to it under the Financial Services Act.

The rulebook includes two significant alterations in previous draft rules, published last December. They mean that the SIB has scrapped plans for a single financial services Ombudsman and significantly revised its scheme for financing an industry-wide compensation fund for investors.

The scheme is intended to compensate investors who lose money when a financial services business becomes insolvent. Revisions remove some of the uncertainty among investment businesses over the levy they pay towards the cost of the scheme.

The rulebook has now been submitted to Mr Paul Channon, the Trade and Industry Secretary, and to the Office of Fair Trading (OFT). The OFT is to consider whether or not sections of the book are anti-competitive and make appropriate recommendations to Mr Channon.

Sir Kenneth Berrill, the SIB's chairman, said that there were "two or three key areas" the OFT might concentrate on.

Chief among them is "polarisation," the SIB's controversial ruling that life assurance and unit trust intermediaries should be strictly designated as either fully independent agents, or as representatives of individual life or unit trust companies.

Sir Kenneth made clear yesterday that the SIB is still firmly wedded to polarisation, in spite of hostile lobbying from banks

Provided the trade department gives its approval after the OFT's report, the SIB is hoping that parliament will have a chance in the spring to debate a delegation order making the SIB the statutorily recognised investor protection body.

Sir Kenneth said yesterday that the SIB believed that it could meet "its part in the very demanding timetable for 1987."

Most observers now expect that the new investor protection regime will start coming into force in the autumn, with final implementation of rules covering the marketing of life assurance starting possibly on January 1 1988.

"SIB's Approach to its Regulatory Responsibilities. From the SIB, 3 Royal Exchange Buildings, London EC3V 3NL.

Lawson has scope for tax, borrowing cuts, says analysis

BY OUR ECONOMICS CORRESPONDENT

Nigel Lawson: ruled out many major reforms

THE GOVERNMENT is likely to have scope in the budget both to reduce taxes and to lower its target for the public sector borrowing requirement, the Institute for Fiscal Studies (IFS) says.

In its analysis of the options open to Mr Nigel Lawson, the Chancellor of the Exchequer, on March 17, the IFS says that he will have around £3bn to split between tax cuts and a reduction in borrowing.

The review suggests that buoyant tax revenues will lead to a £2bn undershoot in the public sector borrowing requirement (PSBR) in the current 1986-87 year below its £7bn target. If Mr Lawson were to leave income tax unchanged in the budget, the borrowing requirement for 1987-88 would be only £4bn.

The IFS predicts, however, that he will reduce income tax by about £2bn, probably through a 2p cut in the basic rate, and then set a PSBR target of £5bn. Mr Lawson will probably hope that the latter move will boost confidence in financial markets and perhaps pave the way for a reduction in interest rates.

The IFS sees little prospect of a radical budget in the run-up to the general election. It says that Mr Lawson has ruled out during the lifetime of the present parliament many of the major reforms which are needed to create a more efficient and neutral tax system.

Changes in the tax treatment of pension funds, significant extensions to the range of goods and services covered by valued-added tax, and moves towards the phasing out of mortgage interest relief are all regarded as politically unacceptable.

The IFS says that the restructuring of corporate taxation introduced by Mr Lawson in his first budget had held out the prospect of a consistent tax strategy, but since then there has been little move towards reform in other areas.

The pre-election cut in income tax will be possible – despite the Government's decision last November to add nearly £19bn to its public spending targets over the next two years – largely because of the buoyancy of tax revenues.

Revenues from income tax, national insurance, corporation tax and value-added taxes are all running well ahead of the Treasury's previous forecasts, more than offsetting a slump in North Sea oil receipts.

This "windfall" reflects unduly pessimistic official projections, extra spending on public-sector pay which generates additional income tax, the buoyancy of the economy and, in particular, of consumer spending and the exhaustion of corporate tax allowances.

The economic background to the budget, however, argues against using the whole of the £5bn available for tax cuts. The latest evidence from the key indicators suggest that the economy does not need a large stimulus and that more rapid growth would further weaken Britain's trade position.

Treasury survey to test share ownership rise

BY PHILIP STEPHENS

THE TREASURY has commissioned a major survey to highlight in the run-up to the general election the success of the Government's privatisation programme in promoting wider share ownership.

Mr Nigel Lawson, the Chancellor of the Exchequer, hopes to publish the broad results of the survey on budget day to heighten its political impact. It is being carried out in partnership with the stock exchange and is expected by ministers to show that the number of individual shareholders in Britain has almost trebled since 1979.

The Government plans to make the creation of what it refers to as a share-owning democracy a centrepiece of its election campaign but has so far been hampered by the lack of definitive evidence of the increase in the number of shareholders.

A survey commissioned by the Government and published early last year suggested that the number had doubled since 1979 to 6m people, even before the flotation of the Trustees Savings Bank and British Gas. But although its conclusions were supported by two private surveys, research by the Mori polling organisation suggested a much smaller increase.

The Labour Party has made political capital out of its charge that many investors in the big privatisation issues bought shares to make a quick profit rather than to hold a stake in the companies.

Figures obtained by British Telecom from Mr Tony Blair, the Labour Treasury spokesman, show that only 12 per cent of the company is now owned by individual shareholders and that thousands of the remaining small shaeholders are selling their holdings each month.

Mr Norman Lamont, the Treasury minister in charge of privatisation is therefore anxious to publish before the election incontrovertible evidence of the spread of share ownership and he hopes the new study will provide it.

The survey, for which field work is already under way, is expected to cover at least 7,000 people and will include a number of detailed questions on the number of shares held by individuals, investment through unit trusts, and the impact of employee share schemes.

Whitehall expects it will show that there are now around 9m individual shareholders. A much smaller survey by the public relations company Dewe Rogerson published last month came up with a similar result.

Around 60 per cent of shareholders, however, were found to have a stake in only one company, and a further 20 per cent to have shares in just two or three.

Thatcher plea on Caterpillar plant fails

MRS MARGARET THATCHER, the Prime Minister, has failed in a personal attempt to persuade executives of Caterpillar, the US heavy plant company, to reverse its decision to close its tractor plant at Uddingston, near Glasgow, where some 1,200 jobs are at stake, *writes Jimmy Burns.*

It emerged yesterday that Mrs Thatcher last month wrote a two-page letter to Caterpillar's headquarters in Illinois in which she recalled that the company had only a few months previously announced a £62m investment in the Scottish plant.

Soon afterwards, senior executives came to London for talks with the Government, only subsequently to confirm their decision to close the plant.

Details of the letter emerged as Caterpillar workers meet today in Brussels to discuss a plan to internationalise efforts to prevent the closure being made by trade unions in Scotland.

The meeting will be attended by union officials from Caterpillar's plants in Grenoble, France, Charleroi in Belgium and from Tannochside in Scotland, where workers are occupying the plant.

No specific ideas have yet been officially put forward. However, the Scottish unions are understood to want their French and Belgium colleagues to block any movement of the company's equipment between sites if the closure goes ahead.

■ BAA, formerly the British Airports Authority, employees will be given preferential treatment in the procurement of shares when the organisation is privatised this summer.

Mr John Moore, Transport Secretary, said that each of BAA's 7,000 eligible employees would be given £100 worth of free shares in the floated company.

Each employee buying shares would also receive two free shares for each additional share purchased, up to a maximum of about £400 worth of free shares for £200 worth bought. All employees and pensioners of BAA plc would be eligible for priority in share allocations.

■ DR RALF DAHRENDORF, director of the London School of Economics from 1974 to 1984 and currently professor of sociology at the University of Konstanz, is to become warden of St Antony's College, Oxford. He will succeed Sir Raymond Carr who has been the warden since 1968.

Professor Dahrendorf, 57, has combined academic work with politics. He was a junior Foreign Affairs Minister in West Germany for a short time in the late 1960s and when at the LSE helped in forming the Liberal-SDP Alliance. In the early 1970s he was EEC Commissioner for External Affairs.

■ PRISON OFFICERS at Barlinnie prison near Glasgow, scene of Scotland's worst prison riots last month, met Scottish Office officials to protest against the jail's overcrowding.

Barlinnie holds 1,300 inmates, but was built for 900. Members of the Scottish Prison Officers Association asked to meet the Scottish Prisons Department in an effort to win measures to ease the overcrowding. Although there have been calls for industrial action over the issue, this is against the constitution of the prison officers' union.

■ SOME 44 per cent of arable land in England and Wales is at serious risk from soil erosion caused by intensive farming, the use of chemicals and the removal of walls and hedges, the Soil Association said.

The association is to conduct a nationwide survey involving more than 4,000 people to determine the extent of the problem and propose remedies.

■ LABOUR Party members of the European Parliament threatened to boycott the assembly next month if an Italian Government invitation for it to meet in Rome was accepted. They said the plan, to commemorate the 30th anniversary of the EEC's founding treaty was a waste of money.

■ BRITISH COAL'S job creation venture, British Coal Enterprise, said it has contributed to nearly 14,000 new jobs in its first two years. It said it had contributed £22m towards 1,041 projects with an overall value of £145m and that further opportunities were being created at the rate of 1,000 jobs a month.

ECONOMIC POLICY 'SHOULD REMAIN CAUTIOUS'

Lawson's tax strategy backed by Cabinet

BY PETER RIDDELL, POLITICAL EDITOR

THE CABINET yesterday endorsed the preference of Mr Nigel Lawson, the Chancellor of the Exchequer, for a step-by-step approach to reductions in income tax while also seeking to hold down the level of public-sector borrowing.

After the usual pre-budget discussion of economic options, the Government's official line was that the Cabinet agreed that "economic policy should remain prudent and cautious."

Senior ministers afterwards reported that Mr Lawson had given an optimistic view of the economic performance and the fiscal outlook compared with the autumn economic statement three months ago. While he had as usual not gone into any detail about budget decisions, he had given the impression that the tax revenue was sufficiently buoyant to allow both lower taxes and a tighter borrowing requirement.

One minister commented that there was support for a "conservative" or "responsible" borrowing requirement. He said there was an acceptance that it made political sense to emphasise the consistency of policy rather than to embark on any major departures or innovations.

Consequently ministers agreed on a "step-by-step" approach to tax cuts as favoured by Mr Lawson. The minister said there was no danger that "tax cuts would play a disproportionate role."

Ministers appeared pleased that on March 17 Mr Lawson would be able to appear fiscally conservative and prudent while announcing sizable cuts in income tax. The discussion lasting more than an hour was apparently low-key, with ministers reassured that last autumn's increase in public spending had not limited the budget options.

● Michael Cassell writes: Labour yesterday maintained its attack on the Government's handling of the British Airways flotation and pledged that the party would ultimately take back the airline into public ownership.

Mr Bob Hughes, the party's transport spokesman, repeated Labour criticisms that the taxpayer had lost out because the flotation had been underpriced. BA shares closed 68 per cent above the issue price at the end of the first day of trading on Wednesday.

Mr Hughes, who said the shares had been marketed at "a ridiculous price," said that Labour intended to regain a controlling share in the company by buying back the shares at the original flotation price. He emphasised, however, that the return of BA to the public sector did have the same priority as the reacquisition of British Telecom and British Gas.

Mr Hughes' pledge came at the launch of Labour's transport policy during the Greenwich by-election campaign. The document, which sets out the party's blueprint for a modern, integrated transport policy designed to last well into the 1990s, commits Labour to phasing out the vehicle excise duty on private cars and replacing it with an additional tax on petrol.

Five-month downward movement in unemployment halted

BY JANET BUSH

THE RECENT sharp improvement in Britain's hardcore unemployment ended last month with the first increase in the seasonally adjusted jobless total for five months. The adjusted adult unemployment total rose by 300 to 3,119,400.

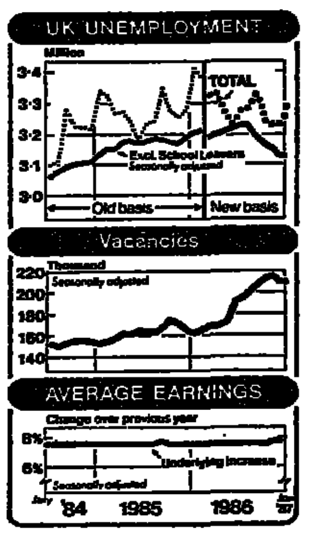
However, Employment Department officials said that the figures could not be seen as a significant departure from the downward trend in unemployment established in the past few months. They attributed January's small rise mostly to seasonal factors.

Lord Young, Employment Secretary, said: "I am pleased that we have come through January with seasonally adjusted unemployment remaining level." He described the latest figures for employment and the continuing high level of vacancies as encouraging.

Figures also released yesterday showed that the pace of average earnings growth rose by 7½ per cent in the year to December. The rate of growth has been stuck at 7½ per cent (apart from a one-month rise in September 1985 to 7¾ per cent) since June 1984.

The news sparked an immediate rally in index-linked UK government bonds as the figures were seen as a warning sign of inflationary pressures building up in the economy. Independent economists noted that average earnings growth had risen in all the main sectors of the economy – production, manufacturing and service industries – which one described as "ominous."

Employment Department officials, however, said they did not regard the figures as significant and attributed the rise mainly to differences in the timing of bonus payments between 1985 and last year.



Ulster strike record challenged

BY DAVID BRINDLE, LABOUR CORRESPONDENT

NORTHERN IRELAND is a relatively strike-prone part of the UK, says a study questioning the province's reputation for harmonious industrial relations.

The study, by Mr Boyd Black, economics lecturer at Queen's University, Belfast, finds that Northern Ireland suffers particularly from a large number of small, local strikes. During the period 1980-84 the incidence of stoppages is said to have been twice that in the UK as a whole.

Mr Black says many small strikes occur in the predominantly Catholic Londonderry and Newry areas, suggesting that "militant community attitudes" may be a contributory factor.

Ulster's reputation for shopfloor harmony has been attributed variously to its small size, promoting good relations and frequent meetings between employers and union leaders; its relatively high unemployment, deterring strikes; and its religious sectarianism, inducing employers and unions to make efforts to keep workforces content and undivided.

Mr Black says, however, that strike figures do not substantiate the reputation when they are adjusted to take account of the absence of any employment in coal, iron and steel – two sectors traditionally responsible for a large number of stoppages in the UK as a whole.

Thus amending the figures, he calculates that Ulster's "strike proneness," measured in terms of the number of working days lost per 1,000 employees, was the same as that of the entire UK over the period 1980-84 and 30 per cent higher from 1966 to 1984.

WORKING DAYS lost through strikes in the UK last year was the lowest since 1963, according to the Employment Department's provisional figures.

However, the number of stoppages was up 8.9 per cent on 1985. The final total for that year was 903 compared with the provisional figure of 983 for 1986.

Working days lost last year are put at 1,852,000. This compares with 6.4m in 1985 although three quarters of days lost that year were accounted for by the miners' and teachers' disputes.

The average annual number of strikes over the period 1975-84 was 1,854.

Newspaperman among new peers

BY PETER RIDDELL, POLITICAL EDITOR

MR DAVID STEVENS, chairman of United Newspapers, the owners of the Daily Express and Daily Star, and Mr David Basnett, the former general secretary of the General and Municipal Boilermakers' and Allied Trade Union, are among 11 new "working" peers announced yesterday.

Among the other new peers who will sit in the House of Lords, Britain's upper chamber, are Sir Henry Plumb, the new President of the European Parliament and former president of the National Farmers Union and Professor Maurice Peston, an economic adviser to the Labour Party leadership and Dr Tessa Blackstone the master-elect of Birkbeck College, London, an education specialist.

The peers, six Conservative and five Labour, have been created to strengthen the workings of the parties in the Lords and are all intended to make a regular contribution. These occasional "working" peers lists are separate from the awards in the New Year's and Birthdays honours lists.

The latest list follows an approach by Mr Neil Kinnock, the Opposition leader, since death and age among existing Labour life peers have made it increasingly difficult for the party to fulfil its role in the Lords.

The list was yesterday strongly attacked by the SDP/Liberal Alliance which had unsuccessfully sought inclusion. Mr David Steel, the Liberal leader, said it showed the "mean spirited way" Mrs Thatcher conducted her Government with "no attempt at fairness."

Only two out of 51 working creations since 1979 have gone to the Alliance. Dr David Owen, the SDP leader, said that this showed that the Prime Minister wanted the two-party system to continue by propping up Labour.

The peerage for Mr Stevens continues Mrs Thatcher's tradition of ennobling or granting knighthoods to those who run supportive newspapers in Fleet Street.

On the Labour side, each peer is expected to play an active part in the Lords and the five new creations have an average age of 52. Both Prof Blackstone and Prof Peston are close advisers to the Labour leadership on policy.

Defections grow from national pay deals

By David Brindle

A LONDON local authority may be the first to pull out of national pay bargaining in the wake of the Government's renewed call for local wage and salary determination based on merit and performance.

The Conservative-controlled Westminster City Council said yesterday it was "considering its position" in response to the case advanced an Wednesday night by Mr Kenneth Clarke, Paymaster General and Employment Minister.

In related developments yesterday, Thames Water gave 12 months' formal notice of its withdrawal from national negotiations in the water industry, and white-collar trade unions announced plans for industrial action against automotive group Lucas Industries' intention of ending national negotiations for 10,000 staff employees.

Meanwhile, a report on the pay of building workers in local government discloses that, contrary to government ministers' supposition, national bargaining has not prevented the creation of pay differentials of as much as 128 per cent among employees of the same authority.

Mr Clarke yesterday reiterated his belief, expressed in a lecture on Wednesday, that employers should abandon not only national negotiations, but also the annual pay round, the idea of a going rate, pay comparability and job evaluation.

Interviewed on BBC radio, he said: "We know our system of pay bargaining is one of the biggest weaknesses in the British economy."

Union leaders believe that one or more Conservative-led local authorities in south or south-east England will soon break from national negotiations. However, a big stumbling block is thought to be that council workers' employment contracts have national agreements written into them.

Westminster is thought to be considering how this and other problems can be overcome though its planning has not yet reached any formal stage.

Thames Water announced its plan to withdraw from national bargaining last December. Its 12 month' notice, submitted yesterday, is a requirement and is likely to be met by union attempts to persuade the authority's 9,000 staff to take industrial action.

White-collar unions at Lucas are linking the company's move, also announced last December, with a dispute over its pension scheme in their efforts to persuade staff to take industrial action. The staff are being called to union meetings next week.

The report on local authority building workers' pay shows a wide range of earnings between and within 33 councils' workforces, owing to differing bonus schemes.

At least eight authorities were found to be operating "leader-led" bonus schemes, whereby wages are determined by the tender price of contracts. In one authority, this meant one joiner earning £306 a week and another, on a separate contract, earning £134.

IBM British offshoot suffers 19% slide in pre-tax profit

BY DAVID THOMAS

THE UK subsidiary of IBM, the world's largest computer company, reported a 19 per cent fall in its pre-tax profits for 1986, reflecting the poor results of IBM worldwide.

Pre-tax profits were £421m for the year to December 31 1986, compared with £521m in 1985. Post-tax profits were down 15 per cent at £262m. Sales were up only marginally from £3.04bn to £3.08bn.

IBM UK, along with several other IBM companies worldwide, has launched a voluntary early retirement programme in an attempt to cut costs. IBM said yesterday that it hoped about 200 of its 18,800 UK staff would opt for this by April.

Mr Tony Cleaver, IBM UK chief executive, attributed the poor performance to the slowdown in UK capital investment and increased competition.

IBM has faced intense competition particularly in the minicomputer and personal computer segments of the markets. Mr Cleaver added: "Increased competition inevitably put pressure on our margins and this, together with flat revenue, led to a decline in profits from the exceptional performance of 1985."

IBM exports from the UK, which are mainly of personal computers, visual display units and financial terminals, fell 9 per cent to £1.4bn.

IBM said this was largely due to IBM companies on the Continent reducing their stocks through better stock management.

Sales within the UK rose 13 per cent to £1.6bn. The company said sales of its most powerful mainframes and top end personal computers had gone well.

Banks may pool credit details

BY DAVID LASCELLES, BANKING EDITOR

UK CLEARING banks are considering ways of sharing information about the borrowings of their personal customers in order to identify those with large debts or bad repayment records.

This is in response to the rapid rise of consumer indebtedness, which now amounts to more than £160bn and has begun to cause serious concern.

Until now, bankers have been unwilling to pool credit information because of their duty of confidentiality to their clients. However, they believe that this constraint can be overcome by writing waivers into loan agreements.

Barclays Bank, which is one of the banks pressing most strongly for action to control consumer lending, said yesterday that it favoured the establishment of US-style national credit reference bureaux banks, finance houses and major stores and retailers would register all new credit agreements. The bureaux would be highly automated and able to supply information in seconds.

Mr Seymour Fortescue, a general manager concerned with retail banking, claimed in a briefing note issued yesterday that this represented a "proven way of reducing debt problems for both lender and borrower" and said Barclays was taking steps to implement it.

The other big clearing banks said they had all recently decided in principle to report "black" information to the UK's existing credit reference bureaux. Black information covers defaults and arrears on loans, as opposed to white information which covers loans and credit lines which have been set up and are being properly serviced.

UK NEWS

An American look at the Guinness affair

BY LEO HERZEL AND RICHARD W. SHEPRO

A SCANDAL like the Guinness affair is unlikely to take place in the US. The main reason is far more interesting than the fact stated: it is the deterrent imposed by the high likelihood of company litigation in the US.

Since it is quite usual for outsiders, and many Americans, to view the US predilection for litigation as a large social cost with very little benefit, this is a surprising conclusion.

The six-month takeover battle that precipitated the Guinness scandal involved so many twists and turns that it was described as "American style". The structure of the transaction, however, fits the normal pattern for takeovers in Britain which is quite different from the US pattern.

Stripped to the essentials: in late 1985 Argyll Group made an offer to Distillers' stockholders to acquire their shares in exchange for shares in Argyll. In January 1986, Guinness stepped in as a "white knight" with a competing share exchange bid to Distillers' stockholders. Three months later, a sharp rise in the Guinness share price helped the Guinness bid to succeed.

In contrast, most tender offers in the US are for cash. Stock and other securities are used rarely because the Securities and Exchange Commission's (SEC) registration process slows the offer down, which increases the risk from competing cash offers. Moreover, offers using stock and other securities are more vulnerable in litigation and to criticism by the target, which can argue that the offer is not worth what its maker claims.

Cash, on the other hand, is always easy to understand. If the maker of the offer does not have enough cash it can still, either before or after the bid, finance a cash offer privately with institutional lenders and investors to avoid registration. One of the main reasons why 'junk bonds' are an important innovation in US takeovers is that they make cash offers easier to finance.

It is now known, of course, that Guinness and its advisers are being investigated for stock manipulation to cause the increase in the Guinness share price through arrangements with Mr Ivan Boesky, Bank Leu, Mr Gerald Ronson and others. Guinness is alleged to have promised them price protection, investment money and other inducements in exchange for their buying Guinness shares in the market at crucial times during the battle for Distillers.

US and English law approach securities manipulation by a company of its stock price in very different ways. It is quite clear, however, that what Guinness is alleged to have *done is illegal under both systems.*

In the US it is the manipulation itself that is prohibited by federal securities regulations (by SEC rules 10b-6 and 10b-5). In England, on the other hand, it is a matter of company law that companies may not in general acquire their own shares nor give any *financial assistance to* others to acquire their shares, without shareholder approval (Companies Act 1985, paragraphs 144, 151). There may also have been violations of the Takeover Panel's disclosure rules and possibly of the law on insider trading.

But by far the more important difference between the way the two legal systems approach this type of problem is in enforcement not substantive law. Several types of private securities lawsuits would have been brought immediately if the Guinness affair had occurred in the US. Argyll would have filed suits, probably as a Distillers' stockholder. The case would have been very well financed and aggressive. The goal would have been an injunction *stopping* the Guinness bid.

Professional plaintiffs' lawyers, derivative and class stockholder litigation would also have been highly likely. This type of litigation, unknown in England, is usually financed by the plaintiff's lawyers, who have the only real economic interest in the case. The plaintiffs' lawyers' fees are awarded by the court for the lawyers' contribution in achieving the judgment or settlement (see Henzel and Hagen, Plaintiffs' Attorneys' Fees in Derivative and Class Actions, 7 Litigation 25, 1981).

Even in the exceptional situation when a stockholder plaintiff holds a large amount of stock, the plaintiffs' lawyers' economic interest in the case is still very important. Usually, but not always, the goal of *this kind of litigation* is not an injunction but damages, or more likely, a settlement. The litigation is usually not so well financed and, therefore, not so aggressive and quick.

Probably the most that could be expected quickly from the SEC is *some support in the private litigation* through an amicus brief. But that would be rare. SEC litigation is usually very slow, and like the current investigations taking place in Britain, occurs after the transaction is over.

Most important, American rules *for private litigation* permit very quick and extensive discovery from an opponent. It is fear of what would come out in discovery that would make a major stock manipulation during a takeover *battle* highly unlikely in the US. SEC and professional plaintiffs' lawyers' stockholder litigation are probably significant deterrents as well, but they are not nearly so important (analysed in a symposium in 71 Cornell Law Review 1986).

To be fair, a scandal like Guinness is not very likely to happen again in Britain. Stock manipulation by buying stock, has strict economic limitations. It is at best a short-run device that must have a very specific goal; it is far too expensive and wasteful to use for very long. As soon as the buying stops the price returns to its unmanipulated market level. Manipulation by rumour is more effective and much less expensive as long as the rumour is *believable* (illegal in the US under SEC rule 10b-5 and other anti-fraud rules).

Looking at what Guinness did, the obvious unanswered question is whether the money spent on stock manipulation could not have been put to better use by increasing the exchange *offer* price.

At this stage, a reader might reasonably be bothered by a question. If American private litigation is so effective, how could a Boesky survive for so long? The likely answer is that as a speculator, Boesky operated on the sidelines, although in a very big way.

He made some aggressive moves to influence the outcome of some transactions, but for the most part he seems to have been too intelligent to provoke litigation by large companies. When threatened with that kind of lawsuit, as he was by CBS, he generally backed down.

The Takeover Panel has not tinkered with the rules for disclosure of stakes in both takeover targets and bidders, and more substantive law changes may follow. But if, because of Guinness, England changes only its substantive rules, the result may be disappointing.

In any case, those responsible for making changes in English company and securities law, could do worse than ponder the words of the ancient physician sage, Aretaeus of Cappadocia: "It is impossible, indeed, to make all the sick well, for a physician would thus be superior to a god; but the physician can produce respite from pain, intervals in diseases, and render them latent." (Quoted in S.W. Jackson, *Melancholia and Depression: from Hippocratic Times to Modern Times*. Yale University Press, 1986).

The authors are partners in the Chicago law office of Mayer Brown and Platt.

Business schools in funds plea

BRITAIN'S two foremost business schools said yesterday that educational funding policy was threatening to price high-quality management courses beyond the reach of most British young people, writes Michael Dixon.

The London and Manchester business schools have both been told by the University Grants Committee (USC) that funds for their master's degree management courses are to fall over the period to 1990 - during which they have committed themselves to increase enrolment, apparently with UGC approval.

The two business schools each draw over 70 per cent of their income from non-government sources. But they say the grant money is needed to stop fees for their two-year master's degree courses from rising beyond the pocket of all but a few UK full-time students.

BEERS, WINES & SPIRITS

July	Mar	Allied-Lyons........................
Feb	July	Bass ....
Jan	Aug	Belhaven Brewery........................
May	Oct.	Boddingtons........................
Aug.	Feb.	Brown (Matthew)........................
Jan.	July	Buckley's Brew. ....
Sept	Mar	Bulmer(H.P.) 5p ....
Feb	Aug	Burtonwood Brewery........................
Apr.	Oct.	Clark (Matthew) ....
Jan	Jul	Devenish (J.A.) 5p........................
—		Do 4.5pc Cv 2ndPf........................
Feb	July	✻Eldridge, Pope 'A'£1 ....
Aug	Jan	✻Flir Smith Trnr A£1........................
July	Feb	Greenall Whitley ....
—		Do. 5.95pcCvPf£1 ....
Aug.	Feb.	Greene King........................
Aug	March	Guinness ....
Jan	July	Do. 5¾pc Cnv Prf ....
Apr	Oct	Do 8¼pcCvLn........................
Jan	June	Highland Dists. 20p ....
Oct	May	Invergordon Dists. ....
Dec	July	Irish Distillers ....
Nov	Apr	Macallan-Glenlivet........................
Aug	Oct	Macdonald Martin 'A' ....
Jan	Sept	Marston Thompson........................
Jan	Oct	✻Merrydown Wine ....
July	Jan	Morland........................
Jan	Aug	✻Ruddle (G.) 10p ....
Feb	Sept	Scott & New 20p........................
Feb	[illegible]	[illegible]
[illegible]	July	Whitbread 'A'........................
Jan	[illegible]	[illegible]
Dec	July	Young Brew 'A' 50p........................
Dec	July	Do. Non. V. 50p........................

Is the F.T. misleading its readers?

Far be it from us to call into doubt the integrity of our foremost financial organ.

But the question must be asked: is it right to classify Whitbread shares under "Beers, Wines and Spirits"?

In a way, of course, one cannot fault the F.T.'s logic.

Brewers we certainly are.

But merely brewers we certainly are not.

For the Whitbread of today is vastly different from the Whitbread of yore.

So if our listing should be listed elsewhere, then where, pray, should that be?

HOTELS AND CATERERS?

A most worthy contender, this one.

For there can be few empires that equal the one we have built in recent years.

We have 30 Coaching Inns and 8 other hotels.

We have 40 Roast Inn carvery restaurants.

And we have more.

Throughout the land we have 183 Beefeater Restaurants plus, in a joint venture with Pepsico, over 100 Pizza Hut restaurants.

And we are opening a new one, on average, once every 10 days.

Furthermore, we have the UK franchise for TGI Fridays, the phenomenally successful US restaurant chain.

Our first outlet, in Birmingham, has proved a remarkable money-spinner and plans for new outlets in the London area are well-advanced.

So "Hotels and Caterers" it is then?

Then again, perhaps it's not.

LEISURE?

Aha. This could well be it.

For we are, would you believe, the largest Country Club operator in the land.

We currently have 5 magnificent Country Club Hotels. And a further two are now being developed.

Each one offers its clientele a cornucopia of sporting delights: from swimming pools and saunas to snooker rooms and squash courts.

(Three even have their own 18-hole golf course. And one, the St. Pierre, has *two* of them.)

Equally athletic pursuits can also be observed nightly at our Aureon discotheques.

We opened our first 3 years ago.

We now have 42, putting us into second place in the market.

And therefore, perhaps, into the "Leisure" sector? But wait.

FOOD, GROCERIES?

At first sight, not the likeliest of candidates.

Until, that is, you consider the following fact: each week our pubs, clubs, hotels and restaurants serve something in the order of 3 million meals.

And while you digest that one, consider too our Thresher off-licence chain.

With 800 branches and over a million customers a week, their sales of snacks and confectionery are certainly not small beer.

Well, what do you think? "Food and Groceries" is it?

BUILDING, TIMBER, ROADS?

Over the last 3 years, we have been opening new venues at an average rate of 10 a week.

Thus we have our own architects. Our own interior designers. Our own site supervisors.

The fact is, we invest some £100 million a year in building and refurbishment schemes.

Enough, surely, to justify our inclusion under "Building, Timber and Roads".

PROPERTY?

If you have never considered us a property company, our balance sheet could well prompt you to do so.

Our assets in bricks and mortar are valued at some £1,000 million.

On this magnificent sum, we rest our case.

Now you have the facts, what's your verdict?

Quite a quandary, isn't it?

And opinions will doubtless differ as to whether our listing should move, or where it should move to.

But one thing cannot be denied: Whitbread is indeed moving ahead at a cracking pace.

W H I T B R E A D   A N D   C O M P A N Y   E S T ? 1 7 4 2

MANAGEMENT

Fiat in France

A discreet but accelerating programme of expansion

Paul Betts reports on the Italian motor group's ambitions to be considered a natural inhabitant of the French scene

IT HAS been described by the French press as "the Italian invasion."

During the past 12 months, large Italian investors have been unusually active on the French market. Silvio Berlusconi, the Italian television magnate, together with a French partner, launched a private television chain in France. The Italian Ferruzi group increased its dominant stake in the French Beghin-Say sugar group. Carlo de Benedetti set up a new French holding company, launched a series of takeovers and gained management control of Valeo, the large French car components group.

Not to be outdone by its fellow countrymen, Fiat recently formed a joint venture with the French state-controlled Matra group. It merged its dashboard instruments, carburettor and fuel injection systems with those of Matra in a new company with annual sales of FFr 7bn (£760m), employing 21,000 people in 37 plants around the world.

Giorgio Frasca, the head of Fiat's extensive French operations, shows some irritation at the way the French media has highlighted the recent string of large Italian deals in France. "I think the press has exaggerated the affair, although I grant you that the sudden combination of Italian deals was unusual. But I see nothing surprising about this Italian interest in France," says Frasca. "The French market is interesting and is opening up. But for Fiat this is not a discovery. Our group has always had an historic presence in France."

During the past few years, the Turin-based car group has seen its French operations grow to form the company's largest foreign subsidiary with annual sales of FFr 20bn and 13,750 employees.

This puts Fiat in the league of the top foreign industrial companies in France where its operations now span the range of the Italian group's core car, truck, construction equipment, farm machinery and motor components businesses.

Unlike de Benedetti's high profile approach to his French ventures, Fiat has preferred to stay out of the public spotlight in France. In contrast to the chairman of Olivetti, Fiat has so far not sought to list its French activities on the buoyant French bourse, while Frasca, a banker by training, has preferred to orchestrate discreetly Fiat's growing empire in France, conducting complex negotiations with the French authorities and makng deals with French business partners in a quiet and diplomatic way.

"My job is to try to bring Turin and Paris as close together as possible and to ensure that what we are doing in France fits into the broad industrial strategy of the group as a whole," says the soft-spoken Italian who has worked for the Banca Nazionale del Lavoro and Lazard Freres and then between 1978 and 1980 headed Fiat's US subsidiary.

In the US, Fiat eventually withdrew from the American car market when the Turin group decided to recentre its activities in Italy and on the European market which Frasca, echoing his chairman Giovanni Agnelli, describes as Fiat's "domestic market."

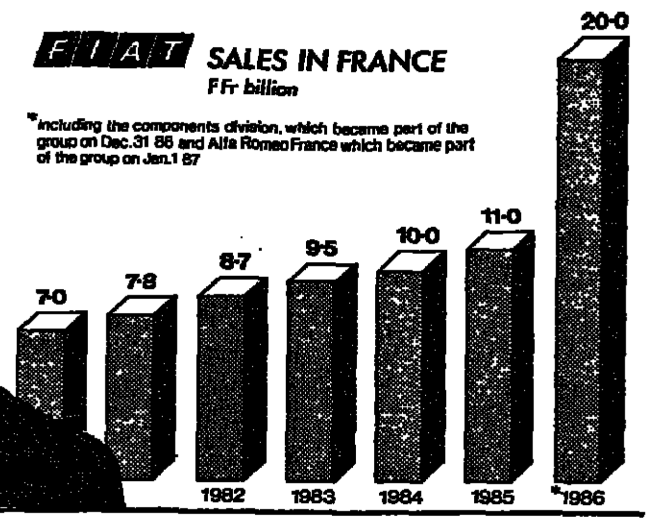
In France, however, Frasca has accelerated the expansion of the group's activities through the acquisition of the French vine harvesting equipment maker Braud and the recent joint venture with Matra in the car components sector. Fiat is now considering investing in a plant in Alsace to manufacture robots and factory automation equipment.

The Matra deal coincided with de Benedetti's controversial takeover of Valeo, the leading French car components maker. The administration was concerned that the predominant part of the country's component industry was under Italian control, while Peugeot and Renault, the two large French car groups, were worried about the possible impact on some of their key suppliers.

"We wanted to ensure that the Fiat-Matra merger would reinforce rather than weaken the French car components industry and that it was a sound industrial venture," says a French government official.

After lengthy and difficult negotiations, Fiat finally secured government approval for its deal with Matra and managed to reassure Peugeot and Renault over the independence of the new car components venture, which is 65 per cent owned by the Italian car group and 35 per cent owned by Matra. The two French car manufacturers had openly expressed their anxieties at seeing the Matra carburettor and dashboard instrument subsidiaries fall into the hands of one of their principal European competitors.

Giorgio Frasca



To lessen these worries, Fiat and Matra agreed to allow Peugeot and Renault to be represented by non-voting directors on the board of the new joint venture.

Moreover, Fiat underlined the industrial reasons why it had entered the merger. It argued that the venture would gain the critical scale to compete in the increasingly difficult components business at the same time as gaining the size to finance future product and technological development.

At a time when Matra realised that its car components subsidiary no longer had the necessary size to remain viable in the longer term, the association with Fiat seemed the solution to the French group's problems in this sector.

The Fiat-Matra venture will also come under the orbit of Fiat's Magneti Marelli components subsidiary which has been built up into a major components group with annual sales of L2,500bn (£1.3bn) and which expects to invest L1,000bn in the next three years. Thus the new venture with Matra, while remaining a French company, will also be an integral part of the new worldwide industrial components structure of the Italian group.

While consolidating its components businesses, Fiat has also continued to see its share of the French car market increase — a key market for the Italian group since, like Italy, France remains a highly protected market against Japanese imports.

"With the group's recent acquisition of Alfa Romeo, we now expect to become the leading importers on the French market," says Frasca. Fiat, boosted especially by sales of its small Panda and Uno cars in France, has seen the French penetration of Fiat marque cars rise from 4.21 per cent in 1985 to 5.03 per cent in 1986.

The whole of the Fiat group, including Lancia and Autobianchi, saw its penetration rise to 6.01 per cent of the French market last year from 5.25 per cent the year before.

To back up its French sales and strengthen the group's position on the French market, Fiat has made a major effort to develop consumer credit and other financial support for its dealer network and customers. Frasca claims Fiat was among the first European car groups to realise the importance of financial support to boost sales. "The Americans understood this a long time ago. I think the Europeans also now understand how important this is," explains Frasca.

Fiat's financial operations in France have grown rapidly. The Italian group was among the first five companies in France to issue commercial paper when this market was opened in December 1985. Indeed, the company has been taking advantage of the new instruments available to corporate borrowers in France.

Frasca says Fiat France has so far issued FFr 11bn in commercial paper accounting for about 3-3.5 per cent of the total French commercial paper market. Overall, Fiat's financial arm in France now distributes new credits worth about FFr 9bn a year.

If Fiat has made a major drive in strengthening its French car market penetration, it has also aggressively sought to increase its market share in the troubled French tractor and agricultural equipment market. With annual sales of FFr 2.5bn in France, Fiat's French farm machinery business is expected to break even in 1986 despite the fierce price war which has developed in this market in France.

Although the French farm machinery market remains in deep depression—"the market fell by 20 per cent last year and by between 15-20 per cent the year before," remarks Frasca—Fiat has persevered in this sector. "The group's strategy has been to acquire a sufficiently significant position on the French market to compensate for the fall," explains Frasca.

Fiat has 10 per cent of the equally difficult French construction equipment market, and is still awaiting a recovery in this sector. However, Frasca says Fiat is in the black in this field in France.

In the truck business, Fiat has now stopped manufacturing lorries in France. However, the group continues to make diesel engines and components, for its Iveco truck subsidiary. Indeed, Fiat's truck activities in France have been involved in a major restructuring which is now beginning to bear fruit. After accumulating losses of FFr 600m, the French Iveco-Unic subsidiary returned to the black last year with a profit of about FFr 200m despite the tough competitive condition of the French truck market. In France, Iveco, with about 16 per cent of the market, currently lies third after Renault's RVI truck subsidiary and Mercedes.

The Iveco-Unic operations in France reflect the strategy of the Turin group of attempting both to integrate closely its foreign operations in its overall industrial strategy at the same time as preserving the subsidiary's foreign identity. In France, Iveco-Unic is managed by French executives but it also constitutes an important component of the integrated industrial production system of Iveco with plants in Italy, West Germany and France. "The French operations are one of the three European poles of Iveco in Europe. We make components and diesel engines in France which are exported to our other European industrial centres," explains Frasca.

Although Fiat continues to be on the look-out for new opportunities in France, the Turin-based group appears above all keen to consolidate the positions it has built up in the country during the past few years. The Italian group also intends to continue developing its image of a French company. "When I came here seven years ago, I organised a public opinion poll on the group's image in France. The result was that Fiat was synonymous with Agnelli. But I think that we are now regarded by the French as being closely integrated in the French business and industrial scene," claims Frasca.

'Appalling' ignorance of customer needs

Christopher Lorenz on UK competitiveness

THE MIGHTY European Emperor Charlemagne once complained that a new type of English riding cloak was too short: it was "no good in bed or for riding" and he lamented the fact that "when sitting down for calls of nature I suffer from cold in the thighs."

Today many British companies still fail to focus on customer needs. Instead of emulating their Japanese competitors by entering new market segments and enhancing quality and product performance, they are being pushed into the cheaper, commodity end of their markets.

The implications of such short-sightedness are "appalling," Professor John Stopford, of the London Business School, said last night, in the second of the school's annual Stockton Lectures.

Warning that current optimism about the revival of British manufacturing industry might prove illusory, Stopford claimed that much of it seemed based on the view that unit costs "are the best indicator of competitiveness," in the words of the National Economic Development Council.

Though costs were obviously important, they were far from the whole story, Stopford stressed. Non-price considerations, such as design, performance and distribution, must also be included. "Taken together these factors add up to value for customers."

In this wide-ranging lecture, which touched on many aspects of corporate competitiveness, Stopford also berated British industry for its lack of general management skill ("strategic capability") at middle levels and for a management training effort which was "far short of anything approaching adequacy," especially when compared with a standard Japanese practice.

Citing a recent statement by Sir Christopher Hogg, chairman of Courtaulds, the British textiles and paints group, Stopford said that the qualities required to succeed in international trade included "open-mindedness, energy, the will to progress, commitment and flexibility"—attributes which were in sharp contrast to some of the UK's most deeply rooted national characteristics.

For these attributes to "become operational," clear leadership and excellent information was also required, Stopford argued. International competitiveness must be created out of the clear knowledge of what is going on worldwide, among tomorrow's competitors as well as today's.

"Twenty years ago one would have been laughed at for suggesting that Japanese firms would achieve today's pre-eminence in so many fields. The speed of the shifts in relative strength is both surprising and daunting."

Rapid change has brought considerable problems, Stopford emphasised. All too often European and American companies have been pushed into follower positions because of a failure to understand the strategic intentions of the newcomers. Calculations of the opposition's intentions were difficult to make but without them "one is always caught by surprise," giving the newcomer valuable time to establish a beach-head—or more—in one's own territory.

Such calculations can not only shorten the response time, but they can generate new ideas for one's own offensive action, Stopford pointed out. "Success in changing the rules of the game and establishing new competitive advantages is neither a matter of someone else having unfair advantages nor of blind luck. It is most often the product either of hard thought or of the ability quickly to recognise and grasp an unforeseen advantage when it arises."

This dedication to preparedness must go hand-in-hand with an equal commitment to win, Stopford argues. In many of today's national markets, being in the second division would not guarantee even survival.

The equally necessary attribute of flexibility applied both to corporate strategy and to structure, Stopford commented: standardisation and large scale were no longer the best strategies for competing worldwide, and low cost and product variety were no longer immutable opposites. Structurally, companies must relax functional boundaries and create an organisational climate that fosters change. Such intangible management characteristics, said Stopford, were "noticeably" absent in far too many British and other European companies.

Legal Notices

NOTICE TO COMPANY OF APPOINTMENT OF ADMINISTRATIVE RECEIVER PURSUANT TO SECTION 46(1)(a) OF THE INSOLVENCY ACT 1986

Name of Company: BOWTELL FINANCE LIMITED
Company Number: 1737122

We ROBERT EDWARD CAUNCE COOK and CYRIL W. NIELD of St James's House, Charlotte Street, Manchester, M1 4DZ hereby give notice on the Sixth day of February 1987 we were appointed administrative receivers of the above named company by The British Linen Bank Limited under the terms of a debenture dated 20 December 1983 giving the holders a fixed and floating charge over the assets of the acompany.

IN THE MATTER OF AIMME LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required on or before the 20th day of March 1987 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla, F.C.A., of Singla & Co., Chartered Accountants, of New Broad Street House, 35 New Broad Street, London EC2M 1NH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before usch debts are proved.

Dated this 20th day of January 1987.
S. K. SINGLA, F.C.A., Liquidator.

THE PROPERTY MARKET By PAUL CHEESERIGHT

Diversifying out of agriculture at a stately home

NICKY PHILLIPS, great-great-great grandson of Pushkin, landowner of 4,000 acres near Luton, is diversifying out of agriculture—just what the Government wants. In fact he had been trying to do it for five years before the announcement this week that, in government planning policy, farmland is not necessarily reserved for farming.

He is a member of the Country Landowners Association, which said this policy presented "a whole new spectrum of opportunities." But where he differs from the average member of the association is in the size of his inherited holding and in the scale of his diversification. Most association members have holdings nearer 100 acres and would not contemplate a venture like a business park.

Backed by a medium-term limited recourse loan of £10.5m, Mr Phillips is creating such a park called Capability Green. For him it is cheap at the price because if he had to start from scratch and first buy the 80 acres of land, now the site of Capability Green, he would have had an initial investment of £40m at today's prices.

When Mr Nicholas Ridley, the Environment Secretary, put out the new policy in the form of a draft circular for local authority comment, he stressed that the countryside had "to evolve with the changing pattern of land use."

The argument is that because all the farmland is no longer needed for food production, the planning system has to be more flexible to cope with the need to provide other than farming jobs in the rural economy.

This desire for more flexibility has run through a series of circulars the present Government has sent to local authorities in the form of planning guidance covering both urban and rural land use. The common theme is "let business get on with it," unless there are compelling reasons why it should not.

This attitude, now more clearly enunciated for agricultural land turns the planning debate into the channel that Mr Phillips wants. "The debate should be not whether or not you can do it (development), but how you do it, if you do it."

His land has never been inviolate. The estate was bought in 1903 by Sir Julius Wernher, who made his money in South African gold and diamonds, and passed on to his brother, Sir Harold Wernher, who was grandfather of Mr Phillips.

But since 1903 there have been infringements—for Vauxhall-GM motor plants, for the M1, for sewage works, for North Sea gas pipelines and a pumping station, for the expansion of Luton Airport and latterly for a Luton by-pass. This last left a section of 80 acres isolated from the rest of the estate and led in January 1982 to the birth of the Capability Green project.

General economic pressures and the expansion of Luton have, in short, put the estate under pressure. When Capability Green, with its 920,000 sq ft for development, has been completed, it will be an extension of the town.

But this particular pressure needs to be put in perspective, because, seen countrywide, the amount of rural land transferred to urban use has been running at half the rate of the 1960s. One reason has obviously been the presumption, overturned this week, that using rural land for farming was the planning priority.

The policy overturn, however, falls short of an upheaval. The role of the Agriculture Ministry in the planning process — the necessity to consult it on plans for development where 10 acres of agricultural land is involved or where a plan runs counter to a local development — has been loosened. Consultation will only take place where 50 acres of the most productive grades 1 and 2 agricultural land is involved.

But this is offset by the policy requirement that the Green Belt, National Parks and Areas of Outstanding Natural Beauty should be protected. At the same time, the Government is saying that grade 1 and 2 land should not be built on.

The Government has also thrown its planning weight behind moves to re-use derelict land and buildings, the better to encourage the growth of small businesses in the rural economy. But again that is offset by restrictions on the type of land where such development might take place.

Over the longer term the main restriction on development is likely to be the sluggishness of the planning system.

The Government has been wrestling with the system to make it more amenable to its overall economic policy but has not been uniformly successful in bending local authorities to its will. Conservative councils have been just as jealous of their independence as Labour authorities.

There seems little reason to suppose that councils will suddenly jump to attention because the Government has come to the somewhat belated conclusion that farmers are loading products on to an already overloaded market and that there might be other uses for their land.

Local planners are still sensitive to local pressures, as Mr Phillips found. Capability Green abuts housing and although Luton Borough Council was keen to see the business park develop, local residents were angry because they felt they had been presented with a fait accompli — the Environment Department having decided that it had no wish to intervene.

This resulted in the insertion of special provisions to protect local householders in the agreement signed between Mr Phillips, Fletcher King, the London company of surveyors managing the project, and Luton council.

Beyond that, Fletcher King, which has handled the detailed planning negotiations had to deal not with one but with three authorities.

South Bedfordshire District Council's desire to keep on the site a small pocket of woodland had to be satisfied—not that there was any plan to chop it down.

Bedfordshire County Council is the local highways authority. It had to grant permission for road extensions to carry the additional weight of traffic generated by a business park which might have 4,500 people on it.

To attract tenants and buyers to Capability Green, power pylons had to be shifted, a matter that took two years to resolve with the electricity authorities.

Five years from the first meeting with the Luton planners, the site of Capability Green is beginning to take shape and the steel shell of the first building is in place. But the need to run through the planning process was a delay to development and could have been a deterrent.

It is a gauntlet through which all developers have to run. This week's draft circular encourages them to run it in the countryside but offers no guarantee that they will run it profitably.

WHAT THE POLICY WAS: "Government policy for the protection of agricultural land is to ensure that, as far as possible, land of a higher agricultural quality is not taken for development where land of a lower quality is available and that the amount of land taken is no greater than is reasonably required for carrying out the development in accordance with proper standards—Environment circular, August 1976.

WHAT THE POLICY IS: "When considering the allocation of land for development and in deciding applications for planning permission that affects agricultural land, the agricultural implications must be considered together with the environmental and economic aspects," Environment Department draft circular, Feb 1987.

Capability Green (right), a developing business park on the Luton Hoo estate of the Phillips family—stately home on the left

TECHNOLOGY

CREATIVE people don't like working on other people's ideas, says Dr Kumar Patel, who directs research in physics at Bell Laboratories in the US and heads a team of some 200 PhDs. That, in a nutshell, is the problem of technology transfer.

Dr Patel believes that transfer from research to development is "not very easily handled, even in Bell Labs" (AT&T's research and development company with an annual research budget of $2bn).

And transfer from academe to industry is "an enormous problem," he suggests. This is despite his acknowledgment that substantial progress has been made in technology transfer between academe and industry in the US in the 1980s as the spectre of foreign competition has galvanised some US industries, such as electronics.

A major problem, Dr Patel maintains, is that the motivation of academics to transfer ideas to industry is poor, and the rate is "at a snail's pace."

Dr Arno Penzias, chief scientist at Bell Labs, sees the solution to getting information from academe as being to give some back. Bell Labs believes it must constantly employ all its skills in communications to make the best job it can of technology transfer.

Dr Patel echoes this view with the comment that it "is not just a matter of throwing a paper over the wall to our neighbour."

At Bell Labs, technology transfer efforts start right at the top. Dr Ian Ross, the president, calls regular meetings with about 70 research managers to give them the chance of quizzing him about progress. He also believes strongly in avoiding obvious barriers to communication between scientists. He does not reward patents, so that scientists are not encouraged to hog ideas for personal gain.

But despite Bell's big investment in science — 800 PhDs at this end of its programme — Ian Ross still regards the universities as the main source of basic knowledge for his research and development (R & D) effort.

Dr Patel, as director of physics research (one of four research directorates—the others are information science, computer science and materials/engineering science), is also responsible for Bell Labs' relations with academe.

In this role he has faced a busy three years since the divestiture of AT&T when the autonomous Bell operating companies were broken away from the US telecommunications giant. At least a sizeable minority of the universities were convinced that divestiture meant the end of Bell Labs as a national research institution to which they could confidently

Dr Alan Huang: He is conducting highly speculative research into an optical computer, perhaps 1,000 times faster than anything running today.

How Bell Labs cultivates its links with the universities

By David Fishlock, Science Editor

recommend their students.

Had not Dr Ross himself publicly argued against the breakup? The proposition that Bell Labs was in decline could easily have become self-fulfilling, says Patel.

He has made a big effort to convince universities that nothing, in fact, has changed: that the calibre of Bell's science is as high as ever, and the laboratories have not become a "jobbing shop" for AT&T.

"We've not lost anyone we wanted to hire and we continue to get the best people," he claims. And this, he adds, is the best test he can think of.

The rate at which senior staff leave to take up university posts has remained steady at 3 to 5 per cent since the mid-1960s. The tradition is well established and good for Bell's image. "There's no better evaluation of quality than to be seduced away as a full professor."

He is the principal liaison with the universities. As such he oversees AT&T's expenditure in the universities themselves ($10m last year)—"strictly a charitable contribution," for which no reciprocal demands are made, he says.

Some of this money goes into a new scholarship programme which will support about 100 PhD scholars for four to five years, in areas of special interest to AT&T, and where such bodies as the National Science Foundation have warned of a national shortage of research effort.

The scholars are not Bell employees, he stresses, but outstanding students recommended by major technical institutions. There are no strings to this investment. "No string turns out to be the best string you can have to anybody," he argues.

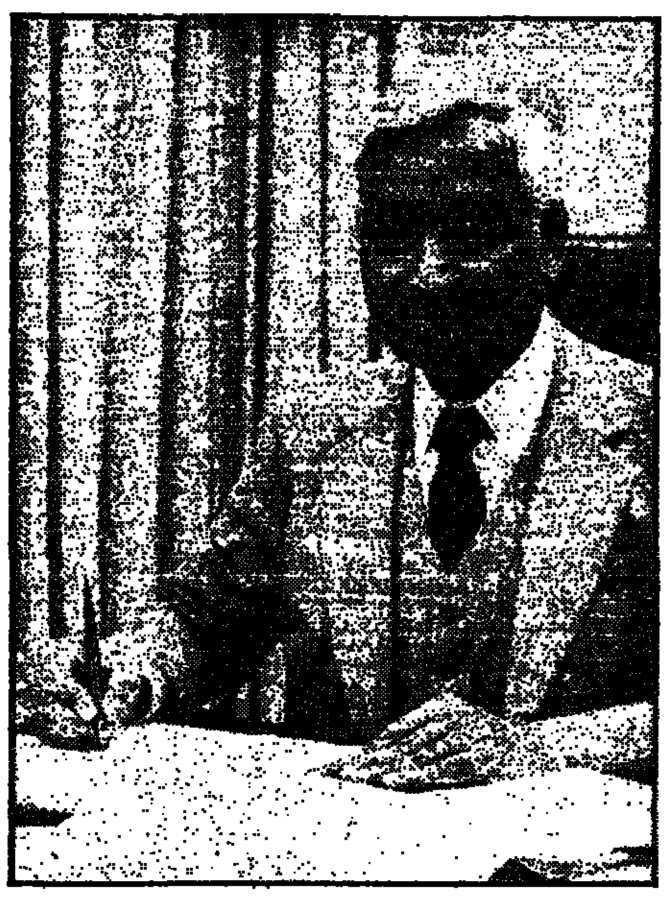
Bell Labs, although not an academic institution but one with a commercial mission on behalf of AT&T, "is probably about as close to an academic institution as you can get." It draws in academic scientists on sabbatical leave—two or three professors a year for a whole year, and perhaps 40 a year for the summer vacation. The latter is long enough to perform a collaborative experiment or launch one which will continue when the scientist has returned to his college.

Professor John Hopfield provides an example of work being done. He is the scientist behind the laboratories' ideas for a new kind of silicon chip, and divides his time between the molecular biophysics research department of Bell Labs, at Murray Hill, New Jersey, and his Caltech laboratories 3,000 miles away in California. He is credited with the current explosion of interest in "neural circuits" as potential chip designs for the future. These chips imitate the neurons or nerve cells found in nature.

At Bell Labs, Professor Hopfield collaborates closely with Dr Richard Howard, head of the micro-electronics research laboratory, who has been turning his ideas into powerful new chips with a capacity for parallel processing, a method for making computers think quicker, with the chips being organised like the cells and interconnections of the brain.

The challenge, says Dr Howard, is to think quite differently about the way microcircuits might be designed, before today's chip technology bumps up against natural barriers which will stop designers squeezing any more functions on a chip. He believes this must happen within his own lifetime.

Dr Howard's researchers have access to AT&T's own silicon foundry, which recently has made them a chip with 256 "neurons"—the biggest claimed so far—using the latest electron-beam technology for manufacturing the chip.



Dr Kumar Patel: Since the divestiture of AT&T in 1983, he has had a busy time convincing the universities that the calibre of Bell Labs' science is as high as ever.

Dr Patel estimates that of about 900 investigations being pursued as part of the $250m research programme at Bell Labs—under Dr Panzias as chief scientist—some 50-60 are joint projects with academics. Up to six scientists are on academic leave at a university at any one time, teaching as well as doing research.

There is no formal programme for this collaboration—it works on "chemistry between people." But sometimes it is driven by a Bell scientist's need for access to an academic facility, such as a powerful source of synchrotron radiation to illuminate his experiment.

Collaboration tends to focus on a small number of US universities, chosen for "commonality of interest," by which Dr Patel means that they are either right up with the latest research of interest to Bell—such as that in "high-temperature" superconductors at Houston University—or have a high reputation for the calibre of their students.

About a dozen US universities provide Bell Labs with 70 per cent of new employees. Berkeley, Caltech and Massachusetts Institute of Technology are among the leaders (but Harvard is not because its specialities are less in demand at Bell Labs).

Part of Dr Patel's job is to try to get the right people both into and out of Bell Labs on sabbatical, thus greatly benefiting the company.

Pointing to the progress made in technology transfer between academe and industry in the 1980s, Dr Patel cites the emergence of industry-sponsored collaborative research programmes, previously unheard of among competing companies.

Bell Labs itself has joined the Semiconductor Research Consortium, a new co-operative which funds research programmes in universities, much as the National Science Foundation does. The motive is simple: "When you pay money, you are more receptive to what comes out of it."

Within Bell Labs, the perennial problem is to get efficient coupling—technology transfer—between research and development. Dr Penzias's 800 PhDs are spread widely. At both Murray Hill and Holmdel, the two biggest research centres, with 5,000 people apiece, his research scientists are located with the development teams, which in turn rub shoulders with marketing people. Bell has no "ivory towers."

At Holmdel, where Dr Ross has his office, only a short walk separates Alan Huang's highly speculative research on the optical computer from Jack Sipress's development of the first trans-Atlantic optical cable, a $335m project, to be laid later this year.

The continuous process of evaluating individual performance puts a premium on collaboration. Not only the scientist's own head of department is consulted but also scientists with whom he is collaborating. Much of this evaluation is still qualitative and intuitive, however. Dr Penzias admits he has been unsuccessful in quantifying productivity and efficiency in research. "I've tried but it's too difficult."

Both Bell Labs' president and chief scientist believe fervently in individuals, not teams, to solve difficult problems. It took only two people to unravel the double-helix structure of DNA, the basic genetic structure of life, reminds Ian Ross. "One of the biggest mistakes in research is to say: here is a problem, we need 200 people."

With good research people, you show them what you are doing, and they tell you the problem. Expose research scientists to the development environment, and there too they will recognise the problems, he says.

David Fishlock's first article on the management of research at Bell Laboratories appeared last Monday.

Cheap recipe for preserving produce

DETERIORATION OF fruit, vegetables and flowers within their transportation boxes can be retarded, says London company Stay Fresh, by using a product it offers called Ethysorb.

A small sachet of Ethysorb chemicals in each box or pack of produce absorbs the gas ethylene, which is naturally produced during storage. This gas is known to accelerate ripening and reduce the storage/shelf life of produce.

Stay Fresh says Ethysorb is very cheap to use. A 20 kg box of produce would need four 5 gm sachets costing a few pence each. These would ensure 10 days of satisfactory storage. A simple formula determines how much is needed to achieve particular storage times. An important advantage is that produce can be moved by sea instead of air, thus cutting costs. Alternatively, Ethysorb can be used to delay sale until market prices become more favourable, such as after a glut of a particular type of produce.

WORTH WATCHING

Edited by Geoffrey Charlish

Seeking to bridge TOP and MAP

CONCORD COMMUNICATIONS, the Massachusetts-based electronics company specialising in network components for MAP (manufacturing automation protocol), is linking up with Siemens to develop a "bridge" that allows networks using MAP to be connected to those using TOP (technical office protocol). Both MAP and TOP (pioneered respectively by General Motors and Boeing) allow computers and all kinds of automation equipment to be freely connected together, preventing users from becoming "locked in" to a single automation equipment supplier.

Air of safety about US Hondas

JAPANESE CAR company Honda will be incorporating an airbag driver protection system in a car to be marketed in the US later this year. It claims to be the first Japanese company to successfully develop such a system.

Although no country makes airbag fitting mandatory, fresh interest is arising in the US, and Honda may be anticipating new legislation.

The Honda system uses four sensors mounted on the car's structure forward of the windscreen. Given a serious enough frontal impact (about 10 mph), sensor signals trigger a small, contained explosion in a unit mounted on the steering wheel. The resulting nitrogen gas inflates a 60 litre bag in 0.03 secs, cushioning the driver.

Metal fastens onto Velcro system

THE WIDELY used fabric-fastening idea, developed by Velcro USA, has been turned into an engineering fastening technology by Foster Miller of Waltham, Massachusetts.

Velcro uses large numbers of special hooks on one surface and a similar density of special loops on the other. The two surfaces are just pressed together, the hooks locating in the loops.

The Foster Miller variation uses high-strength, high-temperature resisting metal hooks of various shapes. These are made from stainless steel and other special metals, depending on the application. The hooking surface, made by bonding many of the hooks together, engages with a Velcro Hi-Garde Loop 2000 "fabric" woven from stainless steel. The hook and loop assemblies can be fixed to engineering parts by welding, brazing, or with adhesives.

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THE ARTS

Arts Week

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Opera and Ballet

PARIS

Elektra alternates with L'Elisir d'Amore in a Vienna Opera production full of light-hearted charm. Adina is sung by Madelyn Renee/Christine Barbaux, Nemorino by Luciano Pavarotti/Dano Raffanti, Belcore by Bern Weikl/Gino Quilico, Dulcamara by Gabriel Bacquier and Gianetta by Marie-Christine Porta. Paris Opéra (42665022)

LONDON

Royal Opera, Covent Garden: the new production of Bellini's Norma, by John Copley, conducted by John Pritchard, has Margaret Price in one of the mightiest soprano roles in Italian opera. The rather faded, lacklustre Royal Opera Die Zauberflöte returns for yet another round of performances, this time with Robin Leggate, Angela Maria Blasi, Mikael Melbye, Robert Lloyd and Penelope Walmsley-Clark in its leading roles.

English National Opera, Coliseum: Jonathan Miller's new production of Tosca, updated to 1944, is a Good Idea rather than a lively, exciting piece of Puccinian music-theatre. Josephine Barstow and Neil Howlett, both in good voice, have to struggle against the inexperienced conducting of Jan Latham-Koening. Also in repertory: the sparkling, imaginatively daring ENO production of Faust, and Miller's 20s revamping of The Mikado.

WEST GERMANY

Berlin, Deutsche Oper: Die verkaufte Braut is revived with Lucy Peacock, Kaja Borris and Peter Seiffert. Otello, sung in Italian, stars Pilar Lorengar, Kaja Borris, Franko Bonisolli and George Fortune. Fidelio, in Jean Pierre-Ponnelle's production, was Deborah Polaski, Barbara Vogel and James King. Die Zauberflöte, conducted by Heinrich Hollreiser has fine interpretations by Elfie Hobarth, Carole Malone, Harald Stamm and Horst Laubenthal. Der Barbier von Sevilla rounds off the week.

Hamburg, Staatsoper: Zemlinsky's rarely played Eine Florentinische Tragödie/Der Geburtstag der Infantin has Inge Nielsen, Elisabeth Steiner, Kenneth Riegel and Victor von Braun in the main parts. Walter Haffeiner is repeating his much praised performance in the title role in Belsazar. La Bohème has a particularly strong cast with Fiamma Izzo d'Amico, Peter Dvorsky and J. Patrick Raferty. Also in the repertory: Die Zauberflöte.

Frankfurt, Opera: Die verkaufte Braut features Eliane Coelho, Michael Pabst, Adelbert Waller and Christoph Pregardien. There was much applause for Rut Berghaus' production of Das Rheingold with Sandra Walker, June Card, Cornelia Berger, Wolfgang Probst and Tom Fox. Der Rosenkavalier convinces thanks to Helena Doese, in the part of the Marschallin, besides Gail Gilmore, Barbara Bonney and Aage Haugland.

Cologne, Opera: Elektra – Helga Dernesch, Gwineth Jones, Nadine Secunde and Harald Stamm. Der Barbier von Sevilla is a well done repertore performance.

München, Bayerische Staatsoper: Lulu is a Jean-Pierre Ponnelle production. This week's highlight is Tristan und Isolde with Ingrid Bjoner and Spas Wenkoff. Salome stars Helga Dernesch, Gwineth Jones and Theo Adam. The week also includes Macbeth and Der Barbier von Sevilla.

ITALY

Milan, Teatro alla Scala: Don Chisciotte conducted by Michel Sasson: Choreography by Nureyev to music by Ludwig Minkus; Carlos Kleiber conducts Franco Zeffirelli's successful 1976 version of Otello, with Placido Domingo in the title role, Mirella Freni as Desdemona and Renato Bruson as Iago. (80.91.26)

Rome, Teatro dell'Opera: The Fenice Theatre's production of L'Italiana in Algeri (last produced here in 1948) conducted by Alessandro Siciliani. Martha Senn sings Isabella (replacing Lucia Valentini Terrani, who is ill), and Ruggero Raimondi, Mustafa. Also in the cast are Domenicoi Trimarchi, Elvira Spica and Michel Cousins. (46.17.55).

Rome, Teatro Brancaccio (via Merulana): The Theatro dell'Opera ballet company in The River, to music by Duke Ellington, and Echoes, to Stavros Xarhakos's music. Choreography by Alvin Ailey and William Carter (46.17.55).

Rome, Teatro Olimpico (Piazza Gentile da Fabriano): Paul Taylor dance company with three ballets (393304).

Bologna, Teatro Comunale: Cabriccio – a musical conversation in one act by Clemens Krauss and Richard Strauss (Italian translation by Fedele D'Amico), directed by Luca Ronconi and conducted by Ralf Weikert. (222.999)

Trieste, Teatro Comunale Giuseppe Verdi: A new production of Le Villi, by Puccini, directed by Filippo Crivelli and conducted by Tiziano Severini. The cast includes Cristina Rubin, Franco Giovini and Franco Farina. Also, the Turin Teatro Regio's production of Gianni Schicchi. (631948).

Turin, Teatro Regio: A new production of Aida by Gianfranco de Bosio, with scenery by Aldo de Lorenzo and costumes by Zaira de Vincentiis. Nello Santi conducts and the cast includes Maria Chiara, Veriano Luchetti and Florenza Cossotto. (548.000).

NETHERLANDS

Amsterdam, Muziektheater. The National Ballet with Before Nightfall (Christe/Martinu), Like Orpheus (Van Schayk/Stravinsky/Glück) and the world premiere of a ballet by Jan Linkens to music by Martinu (Wed, Thur). (255 455).

Scheveningen, Circus Theatre. The New York Harlem Opera Ensemble with the (musical version of Carmen (Wed. Thur). (55 88 00).

Breda, Concordia. The Momix dance group on tour from America (Mon). (13 57 00)

NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of Carmen conducted by James Levine in Sir Peter Hall's production with Agnes Baltsa, Gabriela Benackova and Samuel Ramey. It joins the repertory of Manon conducted by Manuel Rosenthal in Jean-Pierre Ponelle's production with Catherine Malfitano, Neil Shicoff, David Holloway and Spiro Malas; and La Clemenza di Tito conducted by James Levine in Jean-Pierre Ponnelle's production with Carol Vaness, Gail Robinson, Tatiana Troyanos, David Rendall and Julien Robbins. Lincoln Center (362 6000)

New York City Ballet (New York State Theater): The company's winter season ends with mixed programmes. Lincoln Center (870 5570)

CHICAGO

Ohio Ballet (Goodman): Works by the company's artistic director Heinz Poll, Pilobolus Dance Theatre and Laura Dean highlight the company's local premiere. Ends Feb. 21. (443 3800)

Music

LONDON

San Francisco Symphony Orchestra conducted by Herbert Blomstedt with Isaac Stern, violin. Wuorinen, Prokofiev and Brahms. Royal Festival Hall (Mon). (928 3191).

Guildhall String Ensemble with Michala Petri, recorder. Handel, Mendelssohn, Mozart and Vivaldi. Queen Elizabeth Hall (Mon). (928 3191).

Halle Orchestra conducted by Stanislow Skrowaczewski with Rudolf Buchbinder, piano. Barber, Beethoven and Tchaikovsky. Barbican Hall (Mon). (638 8891).

City of London Choir and City of London Sinfonia conducted by Donald Cashmore with Patrizia Kwella, soprano, Margaret Cable, mezzo-soprano, Neil Mackie, tenor, Stephen Varcoe, bass and John Birch, organ. Mozart. Barbican Hall (Tue).

Philharmonia Orchestra conducted by Libor Pesek with Emanuel Ax, piano. Dvorak, Mozart and Schubert. Royal Festival Hall (Tue).

English Chamber Orchestra directed by George Malcolm, harpsichord. Bach Brandenburg Concertos complete. Barbican Hall (Wed).

PARIS

Scottish Chamber Orchestra, Choeur de la Chapelle Royale conducted by Philippe Herreweghe. Howard Crook, Tenor, Gregory Reinhart, bass: Mozart (Mon). TMP-Chatelet (42330000)

Margarita Zimmermann, mezzo-soprano, John Fischer, Piano: Vivaldi, Tosti, Tchaikovsky, Rachmaninov (Mon). Théâtre de L'Athenée (47426727)

Salzburg Mozarteum's Camerata Academica conducted by Sandor Vegh: Mozart, Schubert (Tue); Mozart, Stravinsky, Borodin (Wed). Both at 8.30pm at the Theatre de la Ville (42742277)

San Francisco Symphony Orchestra conducted by Herbert Blomstedt, Isaac Stern, violin: Wuorinen, Prokofiev, Beethoven (Wed). TMP-Chatelet (42330000)

BRUSSELS

San Francisco Symphony Orchestra conducted by Herbert Blomstedt. Mozart, Stravinsky, Brahms (Tue).

French National Orchestra conducted by Lorin Maazel, Rimsky Korsakov, Stravinsky (Wed).

ITALY

Milan: Teatro alla Scala: Carlos Kleiber conducting Beethoven, Mozart and Brahms. (Mon). (80.91.26).

Bologna: Teatro Comunale: Münchener Philharmoniker conducted by Sergiu Celibidache, Milhaud, Debussy and Schumann (Mon and Wed). (222.999)

Rome: Auditorium in via Della Conciliazione: On Sunday, Monday and Tuesday Giuseppe Sinopoli conducts Mozart, Elgar and Sciarrino. The Münchener Philharmoniker. Schumann and Mussorgsky (Thur). (654 1044)

Rome, Oratorio del Gonfalone: (Via del Gonfalone 32/A): The Quink Quintett from Holland. 18th and 17th century songs and madrigals (Thur). (65.75.952).

Rome, Teatro Ghione, Via Delle Fornaci, 37: The pianist Vlado Perlemuter. Faure, Chopin and Mozart. (63.72.294) (Thur).

NETHERLANDS

Utrecht, Vredenburg. The Royal Concertgebouw Orchestra conducted by Elgar Howarth, with Manon Heijne, soprano: Grieg, Richard Strauss, Tchaikovsky (Thur). Recital Hall: Monique Morelli with chanson settings of poems by Villon, De Ronsard and Bruant (Wed). (31 45 44).

The Hague, Diligentia. The Hague Philharmonic Chamber Ensemble, with Lucia Meeuwsen, mezzo-soprano: Stravinsky, Schnyt, Diepen-

Continued on Page 15

Theatre

SPAIN

Madrid, Where Is The Party by Dutch group Pigeon Drop. A series of sketches and gags by three actors and three musicians. A sort of pantomime, musical, cabaret show. Teatro Martin, Santa Brigida 3 (222 93 52), until end of March.

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lepotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

The House of Bernarda Alba (Globe): Lorca's last tragedy in a successful production transferred to the West End from Hammersmith. Nuria Espert, veteran Spanisch actress/director, has drilled a high-calibre cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's all a bit British, but the company provides a roll-call of some of the best actresses around – all eclipsed by the ineffably touching Julie Legrand. (437 1592).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

My Werewolf (Goodman Studio): Theatre X production written by John Schneider tells the werewolf legend as a 1940s horror movie, with all the exaggerations of romance, terror and eerie music, for the stage. Ends Feb 22. (443 3800).

WASHINGTON

Glengarry Glen Ross (Arena): David Mamet's cutthroat real-estate salesmen show off one aspect of the soft underbelly of American capitalism in its bastion of political support. Ends March 8. (488 3300).

THE ARTS

Cinema/Nigel Andrews

Sci-fly for iron stomachs

Jeff Goldblum and Geena Davis in "The Fly"

The Fly directed by David Cronenberg
Ferris Bueller's day off directed by John Hughes
Cactus directed by Paul Cox
The Holy Innocents directed by Mario Camus

When someone takes three times as much sugar as usual in his *cappuccino*, does it mean he is turning into a fly?

In David Cronenberg's *The Fly* it does. Actor Jeff Goldblum's sallow features and bulbous eyes, last seen in the fantasy thriller *Into The Night*, always suggest a state of hag-ridden hallucination. Now they have been exploited for their strong resemblance to the common-or-garden bluebottle. Updating the 1958 sci-fly movie starring Vincent Price, this new film has a wall of a time increasing the siren menace of the original. In the visceral late 80s, when our scientist hero (Mr Goldblum) first experiments with his new "teleportation" equipment — transferring an object from one capsule to another by disintegrating and reassembling its molecules — it is not enough to be *told* that the monkey he uses has failed to survive the trip. We must witness the result: a writhing mess of innards that looks as if it has escaped from a Francis Bacon painting.

Soon Goldblum's girlfriend (Geena Davis) is getting as revolted as we are at Mr Goldblum's doings. She has a nightmare in which she gives birth to a giant larva: her personal homage, no doubt, to previous Cronenberg movies rife with creepy-crawlies like *Shivers, The Brood and Rabid*.

But the worst is yet to come. When Goldblum attempts to teleport himself, he fails to notice that a humble household fly has entered his capsule. Ergo: the molecules are mixed up and a man-fly genetic structure is about to work its evil . . .

No need to regale you here with such subsequent developments as our hero's growing spiky hairs on his back, his tendency to speak in a slurred whisper through a faceful of motled boils and eruptions or the moment of particular unpleasantness for Miss Davis when he vomits over a dough-nut and his ear falls off.

The film is not suitable for Aunt Edna, as you will deduce. However, it is compulsively suitable for almost everyone else. As in his earlier futurist fables like *Scanners* and *Videodrome*, Cronenberg takes the traditional certitudes of science, reason and mathematics and tells them where to get off. The message of *The Fly* is that in our age of nuclear threat, chemical pollution, Aids and other viral and metamorphic horrors, we cannot be surprised if at times two plus two appear to equal five. With such a world-view, the movie's quasi-emetic elements are not just permissible, they are indispensable. For in an age of topsy-turvy values and verities, why too should our minds and stomachs escape upheaval?

*

At my prep school on each last day of term the chant would start up: "No more Latin, no more French, no more sitting on the hard school bench." Education was about to be hurled down the oubliette for a month or two, and 60 young anarchists were to be let loose on the streets of Britain.

Hollywood's current attitude to education is largely similar to this. When not treating its schooldays with the kid gloves of sentimental nostalgia (*Back to the Future, Peggy Sue Got Married*), it treats them as a forbidding correctional interlude which any spirited boy or girl will move heaven and earth to escape, if only for a day.

For half its length, John Hughes's *Ferris Bueller's Day Off* has a delicious anarchic swing. This is American education seen through the eyes of Mad magazine or National Lampoon (of which Hughes was once editor). The pupils are all hellraisers in embryo, including our hero Ferris (Matthew Broderick) who rises from his bed of malingering as soon as his parents, departing for work, have left him tucked up for the day. "They bought it!" he cries, rearing from the bedclothes and nearly hitting the camera lens. He then corrals two friends and a friend's father's expensive sports car for a day on the town in Chicago.

Meanwhile at Ferris's school the headmaster (Jeffrey Jones) is a splenetic tyrant with bomb-crater eyes and seething voice. Every pupil is a suspect. When he receives a call from a "parent" requesting a day's school leave for his daughter on account of her granny's death, the head snaps: "You produce a corpse and I'll release the girl."

While classroom life at this school is a morass of non-communication — "Anyone? Anyone?", bleats the lady history teacher after each question and looks out over a swamp of silence — the entire technology of modern America seems to be at the service of the truants. Ferris has a computer link-up to his friends and a synthesiser to reproduce coughs and sneezes over the phone to the headmaster.

The film's early satiric glee is too good to last, and sure enough it fails to do so. Once Ferris and his friends have hit Chicago, Hughes does not know what to do with them beyond choreographing ever wackier and more effortful set pieces (culminating in Ferris seizing a mike and singing in a giant street parade). But by this time the movie has already earned your admission money.

*

"Eet's like Europe, a leetel," says Isabelle Huppert of the Australian botanical garden in which *Cactus* opens. The French star here takes on one of those roles which an actress is entitled to sue her agent for getting her. Not only does she have to speak a foreign language, namely Engleesh, but she plays a car-crash victim blinded in one eye (just after her visit to the said garden) and in danger of losing the sight of the other through a condition called "sympathetic ophthalmitis."

Writer-director Paul Cox specialise in portraying human beings *in extremis*—the psychopathic loner of *Man Of Flowers*, the warring lovers of *My First Wife*—and he plants Miss Huppert down in a movie whose kaleidoscopic exoticism increasingly hints at emotional fractures and the imbalance of the senses. A soundtrack rife with exotic bird noises; the camera's habit of panning up into tree-tops as if seeking an annihilating empyrean; and a flashback-prone heroine who has moments of home-movie-style recall at the push of a memory trigger.

At times the film's cluttered symbolism and obsession with vaguely Freudian Freda (including the cacti tended by the heroine's blind boy friend, played by Robert Menzies) becomes ponderous. But Huppert's unsentimental transparence as an actress saves the day. She gives reality and a subtle, fugitive variety of feeling to the movie's message that the end of one kind of sight can be the beginning of other, deeper forms of seeing.

*

What the message of *The Holy Innocents* is, goodness knows. Director Mario Camus gives us a Spanish-style *Cold Comfort Farm*, with dementedly primitive things going on in a marquis's estate. Owls die, legs are broken, animals are shot, and local serf Francisco Rabal keeps loosening his bowels against the walls of the big house. Weird, scatological, sometimes funny, but mostly much ado about *nada*.

Paul Taylor/Opera Comique, Paris

Clement Crisp

It is the power of Paul Taylor's choreographic vision that is so impressive. Each of his works is of a piece, consistent and sustained in imagery, and no matter how diverse the feelings or the elements of the dance there is a perceptible unity of language which brings great theatrical rewards. So I found on Tuesday night at the opening of the Taylor Company's season at the Salle Favart, where three works, very different in mood, gripped by the imaginative force of their dances and by what I can best describe as the strength of the visual grain running through them.

We began with *Cloven Kingdom*, known to us from performances given a few years ago by London Contemporary Dance Theatre. It is typically Taylorian (though it can be argued that everything Taylor creates is typical in the coherence of its language) in showing us the beast beneath the skin of polite manners. The score begins, and intermittently continues, with Corelli, whose serenities are soon disturbed and then supplanted by drumming and by the gamelan ring of a prepared piano.

The dance matches these procedures. The cast of eight women and four men are formally clothed, but their first politely social movements soon give way to animalistic and brutish behaviour — the programme note quotes Spinoza's dictum that "Man is a social animal"—and in Taylor's view the animal is poorly controlled by social necessity. The Taylorian tease is that four of the women acquire silver headdresses and as the action shifts between Corelli and drums, between order and physical coarseness, the only resolution comes as the four remaining couples don silver masks that make them seem like insects. The solution to the tease may be in the organised society of bees and ants. But whatever the answer, *the exposition of* the matter is done in wonderfully inventive choreography, gleaming with energy, superbly exposed by the artists of the troupe.

Taylor's penchant for the macabre and the terrifying has never been more powerfully expressed than in the succeeding *Last Look*. Created last year, this is the choreographer at his darkest and most despondent, a vision of mankind more despairing and more bleak even than his anxious *Scudorama* of 20 years ago.

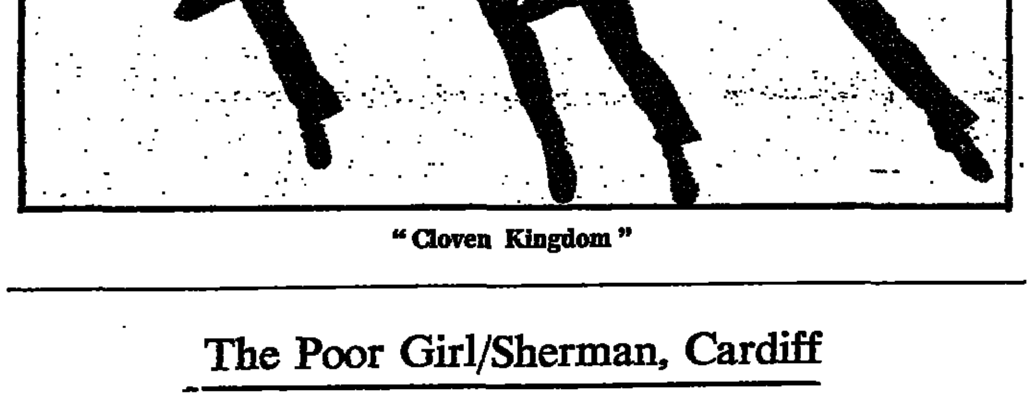
At curtain rise various shining panels can be discerned in the gloom of the stage. A looming shape reveals itself as a pile of bodies which then breaks into its constituent members: four men in green overalls; five women in robes gathered at the waist. We gradually see the set to be a collection of silvered blocks — the piece is performed throughout in shadowed darkness — which reflect back the cast in their agonies. The score by Donald York, agreeably conventional in mode, moves at times into waltz rhythm, but what we see is a *totentanz*, the dancers of Ravel's *La Valse* falling desperately into the abyss. There is not one moment of hope or peace, or surcease from suffering in the work.

The men get the shakes, actually and spiritually, as they are seized with spastic convulsions, stamping, leaping, rolling over the floor, pulled by terrifying forces. The women fling themselves into the dance, and at one moment a girl is tossed repeatedly between the men in mad gymnastics. The dance everywhere suggests the breakdown of civilised attitudes. Movement has lost its purpose. The holding pins have been taken out of civilisation, and we see the structure of human *dignity collapse. Christopher* Gillis (extraordinary in this as in every Taylor role) picks distractedly at his body; the tremendous *Susan McGuire* throws herself in frenzy at the floor. Taking a last look at themselves and at their world, these denizens of a post-holocaust society degenerate into wrecks, and our final view of them is a pile of bodies we saw first, one twitching hand a forlorn reminder of life. It is a profoundly pessimistic creation, chillingly beautiful, and superlatively danced by a superlative cast.

After this searing experience, *A Musical Offering* comes as balm. It is Taylor's realisation, made this year, of the Bach score, but not conceived as an obvious response to Baroque music. The cast are presented to us as archaic Greeks, the women in body-stockings that give them an androgynous look; the men, like the women, wearing only an abbreviated leather skirt. Taylor's imposition of this antique air on music whose procedures explore Baroque form might be thought wilful. In the event, the stripped look of the dancers proves entirely suitable as the choreography sets about inquiring into Bach's inventions.

Taylor has found a way of matching his movement with the clarity of Bach's procedures. Simplicity is a key-note as we watch the music take possession of the bodies: from static, even robotic poses, the dancers move into quickly flowing action that dares—and wins—in relating two disparate languages. The men rock from leg to leg, marking the music's pulse; a woman becomes a goddess to be carried on high by celebrants; two men scamper like fauns attendant upon a girl; gymnastics become a happy part of the dance.

The pleasures of the piece lie both in its wit, its aptness and, when Christopher Gillis ends a duet with Kate Johnson by holding her hand to his breast, *a hand which she gently* removes, in its sensitivity of feeling. Very Taylorian. Very beautiful.



"Cloven Kingdom"

This Story of Yours/Hampstead

Martin Hoyle

John Hopkins's play was first presented at the Royal Court in 1967 and last seen in London a couple of years ago at Bridge Lane, Battersea, given by the touring Red Ladder company. In between it was filmed by the master of claustrophobic concentration, Sidney Lumet, with Sean Connery as the policeman and Ian Bannen as the suspected child molester whom he kills under interrogation.

Johnny (awful portent in that name!) is a decent copper, but the job has got to him. An imminent nervous breakdown is apparent to the audience though not, it seems, to his wife (Act 1) or the investigating superior officer (Act 2). The last of what amounts to a trio of intense, over-wrought duologues is a flashback to the fatal interrogation itself.

Johnny Johnson cracks as the despised child-rapist rumbles him. After 20 years steeped in loathsomeness (this is not Dock Green) Johnny's imagination is irredeemably corrupted. His disgust at and obsession with sadism, mindless cruelty and perversion, hides a fascination with violent sexuality, an awareness of what might lurk within him. The prisoner's realisation of this, when he changes from cornered prey to contemptuous aggressor with the words, "You sad, sorry, little man" still strikes a chill; not least because we sense that he has signed his own death warrant.

The writing, with its intercut nagging monologues, fraught to the point of hysteria, is 1960s television neo-realism at its most high-pitched and, paradoxically, now most melodramatic-seeming. The dramatic steamroller to crack this psychological nut is appropriately driven by Jack Gold, a director with immense TV and film success to his credit. Half the characters seem to plead, "Talk to me!" and the other half refuse to listen.

In the circumstances, unrelieved by humour and never lessening the artificially whipped-up tension, a fine cast do their best. David Suchet reserves a semi-cockney accent for his wife and a posh one for the nick; a certain lack of conviction permeates his energetic performance. The same could be said for Bryan Pringle's investigator, obviously longing to be funny with Ken Russell again. James Hazeldine's prisoner brings out the almost obscene, leering intimacy of lines like "Nothing I've done can be half as bad as the thoughts in your head"; and Jane Wood's beautifully understated wife, plain, resigned, painfully vulnerable and totally excluded, is worth much less dated material.

Croft Ensemble/Purcell Room

Dominic Gill

The Westmorland Concerts are an annual series of six concerts which provide a platform for recent students of the Royal Academy of Music to play before a public London audience. The series (celebrating *its 18th season this year*) has always emphasised contemporary works to some degree—and this year highlights music for and by Paul Patterson, who is Head of Composition and Contemporary Music at the RAM.

Wednesday night's Westmorland Concert presented the Croft Ensemble, a quartet of violin, cello, flute and harpsichord whose configuration is presumably designed principally to encompass trio sonatas—of which they gave us three by Quantz, C. P. E. Bach and Telemann, in lively, nicely tuned and attractive performances.

The Croft also hope to attract a repertory of new works for the combination, and their programme also included four short recent pieces, three of them special commissions. None was specially remarkable—although Peter Copley's *W Nocy* (which means "in the night" in Polish) had sure-handed character: not a piece of night-music in the Bartokian sense, but rather a pattern of "scenic" ingredients *heard in shifting perspective*, seven minutes long, delicately poised, neatly made.

Nigel Clarke's *Confluence*, dedicated to Paul Patterson, his teacher, was short, witty and unassuming in the quintessential English jocular vein. *Diversions* by Eibhlis Farrell (who is now vice-principal of the Dublin College of Music) was an odd confection, bitty, fragmented, but not unattractive: "needs tidying" would be a pertinent remark in the margin. Our programme's description of the style of Arnold Cooke's Quartet for the same combination as "a sort of modernised baroque" fits pretty well — genial, pasteurised neo-classicism of the kind that's taught by nice men in conservatories, and always will be, the length and breadth of the land.

New Macnaghten/St John's

Andrew Clements

There is no more desolate setting for new music in London than St John's, Smith Square, on *an evening when the audience* can be counted in tens rather than hundreds. Wednesday night's New Macnaghten event, which brought to town the Northern Sinfonia Ensemble conducted by David Haslam, proved that earnest intent is not enough to attract an audience in unfamiliar composers. However thoughtfully constructed, programmes must be presented in an enticing way, and burdening this series of Anglo-Soviet fusions with the label of "Perceptions" is not calculated to set pulses racing in anticipation.

Britain was represented by Gordon Crosse and David Nicholls; the Soviet Union by Vladislav Shut (born 1941) and Elena Firsova (born 1950), while Stravinsky brought up the rear with a piece from his American years (the 1953 Septet). It was not a telling mix: Crosse's *Villanelles* is a curious hybrid of early (1959) and later (1974) styles in seven short movements that lack the density to balance their brevity. David Nicholls' *Songs 3 (whisperings upon leaves)*, a New Macnaghten commission receiving its first performance, set a sequence of poetic fragments by Richard Gaskell to music of spotless professionalism and little individuality.

Which left the Russians. Firsova's sustained and grave cantata on poems by Osip Mandelstam, *Earthy Life*, has been heard in London before, and promises to become one of the most performed of recent Soviet scores, offering felicitous instrumental textures and grateful soprano lines, if ultimately perhaps passion that is just too sublimated. Shut's Second Chamber Symphony (1975) was a curious piece (12 minutes long, in six linked movements), highly heterogeneous in style *yet at times of striking effect*; a sample that made one want to hear his talent displayed across a larger, more revealing time-span. The Northern Sinfonia players offered efficient, tidy performances; Tracey Chadwell sang the Nicholls and Firsova with easy flexibility and (to a non-comprehender) fluency in the Russian. The pity was so few, other than those connected with the promotion, were encouraged to come along to hear for themselves.

The Poor Girl/Sherman, Cardiff

B. A. Young

The riots at Merthyr in the 1830s, less well remembered than the Peterloo "massacre," are the background to Michael Bosworth's *The Poor Girl*, but he keeps them offstage. What has specially interested him is the Government's grim decision that the bodies of the rioting miners shot by the soldiers should be dug up so that a coroner might properly pronounce on their deaths. Where, the play asks, does a person diminish to the status of a mere object?

The poor girl (never given a name) begins as an object, sold to a labourer by a vagrant woman. Then she is taken up by a rich lady who offers friendship and education—makes her, that is, into a person. But in the grounds of her adopted home she sees some soldiers denying a widow the chance to bury the body of her dead husband. She cheerfully offers them her sexual favours if they will release the body. She has become an object again.

Mr Bosworth does not tell the story as straight-forwardly as that. He overloads it with unnecessary detail and irrelevant characters, and what is more he writes in a modern poetic idiom, the same for everyone, that deprives his characters of more than a basic individuality.

I was sorry not to get more out of the play, which was commissioned and is played by the ambitious touring company, Made in Wales. Ann Gwyer, as the poor girl, is mute most of the evening, but sometimes given way to poetic soliloquies that do not help her much to establish the part. On the stage of the Sherman's studio theatre, a harsh moorland set by John MacFarlane turns into a notional house at floor level only, when we move into wealthier regions. Gilly Adams is the director.

Continued from Page 14

Music

brock, Orthel, Dohnanyi, Spohr, Jolivet (Wed). (651851).

Nijmegen, Vereenigung. Guitar recital by Julian Bream (Mon). (221100).

Ward Swingle conducting the Netherlands Chamber Choir 'à la Swingle'. Tue in Groningen, Oosterpoort (131044), Wed in Nijmegen, Vereeniging (221100).

Arnhem, Musis Sacrum. The Caecilia Consort: Bon, Keuris, Shostakovich, Stravinsky (Mon). The Gelders Orchestra conducted by Georges Octors, with Imogen Cooper, piano: Loevendie. Mozart, Tchaikovsky (Tue). (516191).

NEW YORK

Carnegie Hall: Alban Berg Quartet with Shlomo Mintz violin, Shostakovich, Beethoven, Mozart (Mon); Orchestra of St Louis. Trevor Pinnock conducting and fortepiano, Elmar Oliveira violin, Bach, Mozart, Haydn, Stravinsky (Tue); Tashi with Lukas Foss, piano. Mixed programme including Foss local premiere (Wed); Warsaw Philharmonic. Kazimierz Kord conducting, Misaha Dichter piano. Tchaikovsky, Rachmaninov, Lutoslawski (Thur). (2477800)

Merkin Hall (Goodman House): Katsurako Mikami piano recital. Schubert, Debussy, Chopin (Mon); Joel Krosnick cello and Gilbert Kalish piano recital. Beethoven, Shapey (Wed); Boston Camerata. Joel Cohen director. Music of the 12th century (Thur). 67th w. of Broadway (362 8719)

Music at the Crossroads (Withney Museum Branch): The third annual American Sampler this week features young American composers Laura Karpman, Bright Sheng, Michael Torke (Tue, 6pm) Sculpture Court, Philip Morris Bldg, 42nd Park.

Exhibitions

WEST GERMANY

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Germany, showing the 417 pieces donated in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

Munich, Lenbachhaus, Luisenstrasse 33: Franz von Lenbach (1836-1904). The painter had himself built a Palast in the Italian renaissance style, finished in 1891. His widow then sold it to Munich in 1925. To mark the 150 anniversary of his birth, the Lenbach Villa will be redecorated with the original furniture and paintings of the artist. The exhibition displays 180 pictures and paintings in several rooms. Lenbach, celebrated above all for his portraits, studied at the academy for arts in Munich under Karl von Piloty. Ends March 29.

PARIS

Japon des Avant-Gardes: A multi-disciplinary exhibition of some 500 objects retraces the 1910-70 period in painting, architecture and technology and is completed by a musical, theatrical and cinematographical programme. The influence of Japanese art on Western culture is well-known, the European inspiration of modern creativity in the Land of the Rising Sun much less so. The exhibition shows the tensions and contradictions of artists trying to absorb futurism, Dadaism and surrealism, movements so alien to their own ancestral traditions. Centre Georges Pompidou. Closed Tue, Ends March 2 (4277 1233).

Miniature furniture of the Vendeuvre collection, normally housed in the Château Vendeuvre in Calvados on view in the Louvre des Antiquaires. Some of the exhibits were samples of journeymen's skill, others reduced-scale models to tempt some royal client, others elaborate dolls-house furnishings or expressions of religious fervour. There is something especially appealing in the small dimensions of a 17th century cupboard in turned wood, of an Italian 18th century chest-of-drawers inlaid with ebony, ivory and tortoise-shell and an Empire armchair in mahagony decorated with bronze laurel-leaves. Louvre des Antiquaires, 2 Place Palais Royal, open Tue to Sun, ends March 1 (4297 2700).

ITALY

Florence: Palazzo Pitti: The theatrical costumier Umberto Tirelli's fine collection of costumes dating from the eighteenth century to the present recently donated to the Pitti's Museum of Costume, particularly striking are the gorgeously embroidered men's jackets from the 1700s. Also includes a section of the costumes made in the Tirelli workshops for productions by Luchino Visconti, Luca Ronconi, Franco Zeffirelli and Pier Paolo Pasolini with photographs taken on stage. Ends March 8.

Florence: Palazzo Pitti: Andrea del Sarto (1486–1530): Highly enjoyable chronological survey (including frescoes, oils and drawings) to mark the 5th centenary of the artist's birth ends March 1.

Rome: Casino Dell'Aurora, Palazzo Pallavicini – Respigliosi (Via XXIV Maggio, 43): Brian Eno: works constructed with sound and light. A series of illuminated sculptures in darkened rooms (the entrance shrouded with heavy black curtains so that not a crack of daylight should get in). Geometrical designs which change in mood as the illumination gradually alters in shade and intensity, the accompaniment of peaceful 'new age' music by the artist. Comfortable armchairs have been thoughtfully put in front of the sculptures, pleasant but soporific, ends Feb, 22.

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25–1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

SPAIN

Barcelona, Edvard Munch (1863-1944): 185 lithos, drawings and his influential graphics of his large output period. Emphasis is his preoccupation with themes of life and death (friezes of life). Fundacion la Caixa, Passeig San Joan 103. Ends March 22.

Madrid, Ben Nicholson (1894-1982): English ebstract painter who kept to his idioms with remarkable constancy. His paintings and reliefs are geometrically inspired and derive from the austerer forms of cubism. His abstracts remained unvarying until well after the Second World War, producing monochrome reliefs that relied for their effect on the interplay of finely related surfaces. Sixty-six works on loan by the Tate Gallery, the Moma and Guggenheim, the Kunsthaus and Phillips collection, mostly from 1919-1981. Fundacion Juan March, Castello 77. Ends March 29.

Madrid, Jasper Johns retrospective. Born in 1930, this North American artist, with Rauschenberg, was one of the originators of pop art influencing the course of art for many decades, 100 pieces: paintings, collages, assemblages of objects, plastic, metal and bronze can be seen. Centro de Arte Reina Sofia Santa Isabel 52. Ends April 5.

NEW YORK

Cooper-Hewitt Museum: The design wing of the Smithsonian housed in Andrew Carnegie's Fifth Avenue mansion, features a special show on folding fans. Organized by textile conservator, Lucy Commoner, the fans reflected the fashions of the times during their heyday from the 17th to early 20th centuries, as demonstrated in the 60 pieces of various shapes and designs. Ends May 31. (91st & 5th Ave).

Pierpont Morgan Library: Young Queen Victoria, an exhibit of autograph manuscripts, letters, drawings and other memoribilia commemorate the 150th anniversary of the queen's accession to the throne. Ends April 12.

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

Museum of Modern Art: The 1985 Grand Palais exhibit of Lartigue's 1920s photographs starts its American tour showing the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends March 24.

Metropolitan Museum of Art: The Prints of Pieter Bruegel with over 65 works consists primarily of engravings made in Antwerp in the 1560s after Bruegel paintings, but also includes the only woodblock with a Bruegel drawing on it. Ends March 15.

WASHINGTON

National Gallery (West Bldg): The Age of Sultan Suleyman the Magnificent explores the height of art and technical development during the Ottoman Empire in 210 16th century manuscripts, silver, gems, kaftans and ceramics. Ends May 17.

CHICAGO

Art Institute: A retrospective of more than 150 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of the artist's work in 60 years, with many of his famous full-length portraits, along with landscapes and informal drawings. Ends April 19.

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

TOKYO

Edo Paintings and Noh Costumes: 22 exquisite works in delightful small museum, part of Okura Hotel. Okura Shukokan Museum. Ends Feb 22. Closed Mondays.

Hokusai Landscapes from The Bostom Museum Collection: 100 prints from the 18th century artist Katsushika Hokusai. Tobacco and Salt Museum, Harajuku, set in Tokyo's most fashionable street, a weekend itinerary could also take in the Meiji shrine and gardens, bamboo-shoot street dancers and refreshments at any of the wide variety of elegant cafes. Ends Feb. 8. Closed Mondays.

Saleroom/Antony Thorncroft

Eager wait for David

The first reasonable sale of Impressionist and modern pictures in 1987, at Sotheby's in New York on Wednesday, confirmed that the tremendous demand for works of the period —apparent at the major auctions at the end of last year in London and New York—is still in full flood.

There were no masterpieces on offer but the sale totalled £2,712,918 ($4,313,540), with a very modest 5 per cent unsold. Most lots far exceeded their estimates, not least a decorative view of "Le theatre en plein air" in Algiers by Albert Marquet, which sold for £145,283, roughly six times Sotheby's expectations.

Marie Laurencin is currently in demand and a European buyer paid £114,151 for a portrait of a young girl with a guitar. A New York dealer bought a Dufy scene of the baths at Trouville for £110,692 and another local dealer acquired "La vallée" by Henri Martin for £107,233. Obviously, there is extensive international interest in second division, but pretty, Impressionist and modern works.

The first headline catching sale of the year takes place at Sotheby's, New York, on February 24 when one of the finest paintings by the French artist David comes under the hammer. He painted "Les adieux de Telemaque et Eucharis" in 1818 near the end of his life when he was in exile in Brussels. There are two versions but even so it has always been accepted as one of his greatest works and is an obvious museum picture.

One of the museums which would be very keen to buy it is the National Gallery in London. It recently acquired its first David, a portrait, but this classical work would greatly enhance the collection.

The problem will be the price. Sotheby's quotes a top estimate of $3m, but this seems conservative. Old Master paintings have not taken off with anything like the price inflation of Impressionists and moderns but many other museums, notably the Getty, would be keen to show off this David and there are still a few private collectors for such a bright and brilliant picture of two young lovers.

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Flexibility in wage setting

SOME BRITISH employers were asking grumpily yesterday why members of Parliament should not be paid different salaries according to the quality of their speeches, their attendance record at the House of Commons, the effectiveness of their service to constituents and so on. They were responding to a strong attack by Mr Kenneth Clarke, Employment Minister, on some long-established practices of British collective bargaining, principally the annual pay round, the going rate, comparability, job evaluation and national pay negotiations.

Mr Clarke was arguing for a system where pay increases were determined primarily by individual performance, company profitability and demand and supply in the local labour market. The speech can be criticised for paying insufficient attention to internal labour market arrangements—the design of pay structures which enable companies to recruit, retain and motivate their employees. Mr Clarke may also under-estimate the extent to which employers in the private sector have already moved in the *flexible direction which he* is advocating; it is the public sector which needs to catch up. Nevertheless, the general attempt to shift pay bargaining away from the over-rigid custom and practice of the past is welcome.

Removing rigidities

A centralised pay bargaining system on the German or Swedish pattern has some advantages, particularly in its ability to respond to economic shocks, and it is not necessarily incompatible with flexible labour markets. But the structure of collective bargaining in Britain, on the employers' as well as the trade union side, does not lend itself to a "corporatist" model of this kind.

The move towards wage setting at plant level has been influenced partly by variations in local labour markets, but also by the desire of employers to relate the individual's rewards to the performance of the unit in which he or she works. National bargaining does of course continue in some sectors, such as banking and parts of the motor industry, where multi-branch or multi-plant employers have a long-established negotiating framework with national unions. Abandoning such a framework is neither easy nor without costs, but even in these businesses there are moves to modify the national pattern with local variations.

Mr Clarke's picture of unions and employers enjoying a cosy relationship, in which annual pay increases are granted as a matter of course on the basis of the going rate, may have been truer in the 1970s than it is today. In his remarks about comparability and job evaluation he may have invited the charge that he does not understand how wage and salary structures are actually worked out.

Greater efficiency

Companies have to take into account local labour market conditions, the salaries which other employers are offering for particular skills and, most important, the need for a salary structure which is seen to be fair and logical and which offers appropriate differentials for different levels of skill, experience and performance. Most large companies have grading systems in which jobs of roughly comparable importance are grouped into a salary range, but which also allows for considerable variations within the range in the light of performance. Mr Clarke is quite right to say that there is no exact science which can determine the worth of a job, but there has to be some structure which employees can understand.

The disappearance of the annual pay negotiation would be warmly welcomed by most companies—and a few of them have achieved it. As long as inflation persists, there will be an expectation among employees, whether unionised or not, that real wages will be maintained if the company can afford to do so. But it is a reasonable aim for employers to seek to focus their negotiations, not on the size of the annual wage increase, but on all the other matters, such as changes in work practices, which will yield greater efficiency and hence higher rewards for employees.

There is no ideal pattern of wage-setting which suits every country or every employer. In Britain there has been a welcome shift towards greater flexibility and a closer link between pay and performance. Mr Clarke wants to give this process a nudge forward; it is time he put his words into action in the Civil Service and other parts of the public sector.

Students from overseas

THE VALUE of foreign students to a host country is well recognised in the US, France and West Germany, but less so in Britain. The first three countries are attracting more students than they did seven years ago; in Britain the number has fallen. The principal reason for this is a precipitate decision taken by the Department of Education in 1979 to save £100m a year by requiring students from outside the European Community to pay full fees at British institutions. In the following five years the number of overseas students in publicly financed institutions in Britain fell by some 37 per cent, to under 56,000. It has since stabilised and may now be increasing.

The suddenness, the size, and the nature of this fall have all been damaging. It is in Britain's long-term interest that as many as possible of those who will rise to positions of eminence in other countries have a good command of the English language and an appreciation of British culture and institutions. West Germany, France, the US and, more recently, Japan, have all seen the force of this argument as it applies to their own interests. In Britain it was understood by Mr Francis Pym when he was Foreign Secretary, with the result that modest additional funds have been allocated to scholarships since 1983.

New proposals

Some £90m is being spent on targeted scholarships in the current financial year, according to the Overseas Students Trust, which points out that increases in recent years are largely accounted for by reallocations within the aid budget. The essence of the Trust's new proposals, contained in a booklet published today, is that further sums should come from the budgets of other departments, for two reasons.

The first is that there is an educational benefit to be derived from the presence of overseas students. They are an antidote to insularity and a check on standards. They can also be of more tangible value to universities: the full fees paid are usually substantially above marginal cost and, in consequence, most institutions are now consciously exporting their services by marketing places abroad.

The Trust therefore proposes that the Department of Education should provide £9m of a £25m package of extra assistance for overseas students, most of it to be spent on scholarships. A further £10m is asked of the Department of Trade and Industry on the ground that the second main reason for an increase in scholarship funds is the likely pay off in the balance of trade.

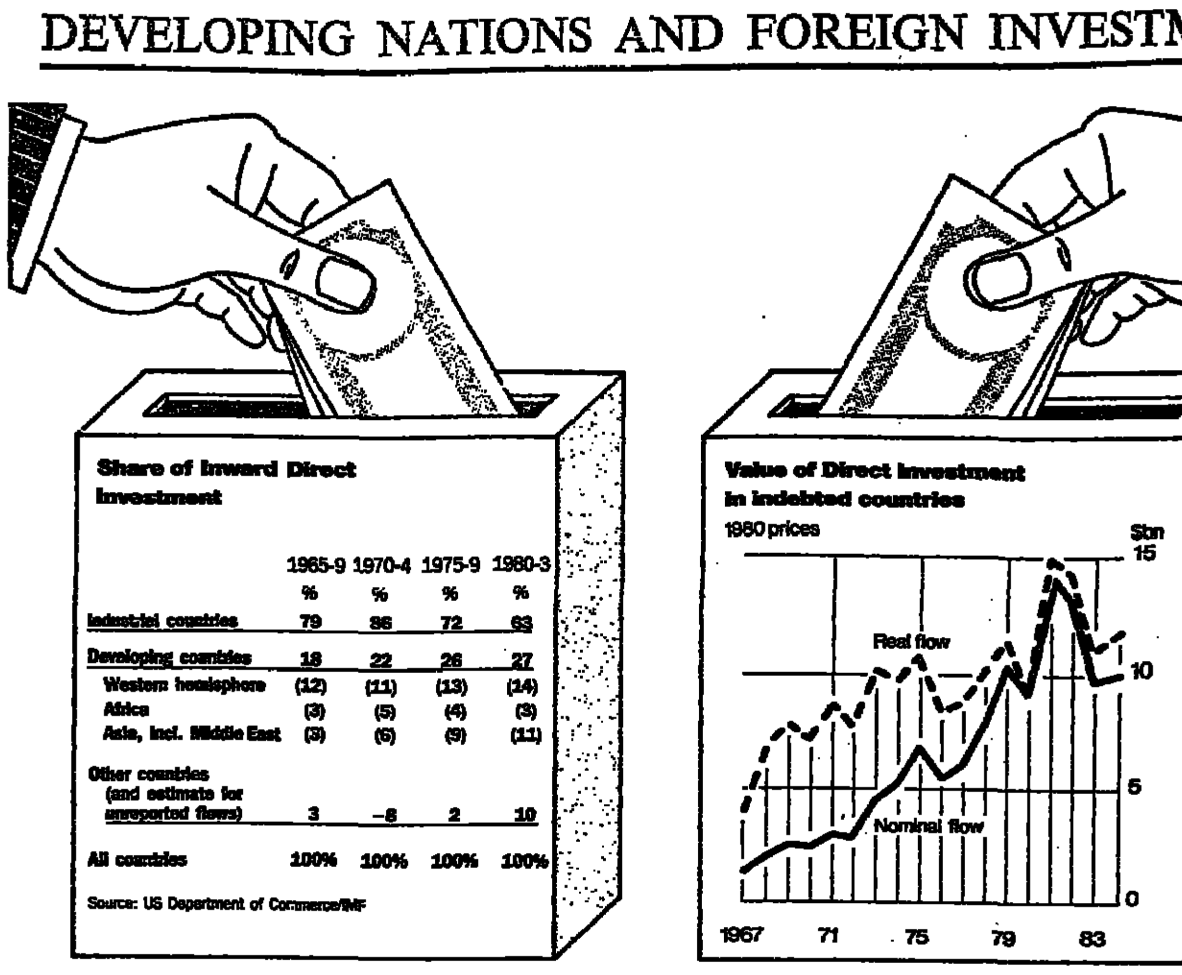
Correcting imbalances

The traditional argument in support of this is that if people who have studied here eventually become prominent in trade or industry or the relevant ministries in their home countries, Britain should benefit. To this the Trust has added a further argument: that the money spent on fees and subsistence by foreign students contributed "around £1bn" to the British balance of payments last year, compared with some £6bn spent by tourists. The figure for students is plainly a guess, but it may be necessary to use it to extract money from a department whose activities since 1979 have so often been based upon a strictly short term perspective.

For the rest of its £25m package the Trust looks to the Foreign Office, the Overseas Development Administration and the Department of Employment. It is not, however, only money that is required. The present system of scholarships is in essence a perpetuation of pre-1979 practice with the effect that according to the latest available figures (1984), more than 40 per cent of foreign students come from just six countries: the US, plus Hong Kong, Malaysia, Nigeria, Greece and Iran. The Indian subcontinent provided under 5 per cent of the total and mainland South America under 2 per cent.

A detailed list of specific proposals designed to correct such imbalances is made in the Trust's report. Rightly, for a charity supported by several major companies, the help of the business community is envisaged. It does not specifically say so, but what is most needed is a lead from Downing Street—not this or that ministry—towards a broader and more long-sighted government programme for overseas students.

DEVELOPING NATIONS AND FOREIGN INVESTMENT



Share of Inward Direct Investment

	1965-9	1970-4	1975-9	1980-3
	%	%	%	%
Industrial countries	79	86	72	63
Developing countries	18	22	26	27
Western hemisphere	(12)	(11)	(13)	(14)
Africa	(3)	(5)	(4)	(3)
Asia, incl. Middle East	(3)	(6)	(9)	(11)
Other countries (and estimate for unreported flows)	3	−8	2	10
All countries	100%	100%	100%	100%

Source: US Department of Commerce/IMF

Learning to live with capitalism

By Christian Tyler

BURIED in the agenda for the world trade negotiations that begin this year is a single bland sentence of great potential importance. It instructs the 92 member nations of the General Agreement on Tariffs and Trade to work out a universal set of rules for the treatment of foreign direct investment.

This politically sensitive topic has been smuggled into the Gatt talks on the grounds that the severity of many countries' inward investment policies has the effect of distorting trade. To that extent, it is legitimate Gatt territory.

The Gatt has an interest in direct investment where government restrictions, or incentives, can be said to distort trade. For example, inward investment subsidies like tax holidays may give an immigrant manufacturer an unfair advantage over competitors. On the other hand, discrimination against foreign investors who need to set up shop near their customers — banks and insurance companies, for example—makes freedom of trade in services (another Gatt aim) difficult to realise.

Investment approval in many developing countries, but not only in developing countries, is usually subject to a welter of rules: a fixed amount of production must be exported, a fixed proportion of components must be bought locally and a fixed ratio of native managers hired.

But in trying to remove the bad consequences of investment regimes, trade experts are bound to confront the central question: can governments be persuaded to see collective liberalisation of investment not as a loss of sovereignty, but as the release of dynamic forces for development and adjustment that trade theorists claim for it?

The idea of a global investment treaty *or code that would* unlock the markets and export opportunities of the developing world is not new: the World Bank has floated it before and the UN and the OECD have been hammering away for many years at one aspect of it in debates on the role of multinationals.

What is new is a perceptible change in the climate. A "Gatt for investment" may not be politically realisable this century, but the momentum is already there. Since the debt problem reached crisis proportions in the early 1980s developing countries have increasingly opened their doors to foreign capital to offset a drop in bank lending and stagnating development aid. Even the most orthodox of socialist states such as Bulgaria are advertising for western equity partners in the hope of becoming industrially competitive.

In colonial days, most poor countries' minerals, fuels and crops were mined, drilled, grown, transported and processed by foreign companies. Many of the colonial territories came to independence on a wave of hatred for the "economic imperialists." Assets were seized and foreigners evicted. Today the foreign multinational may still be disliked, but is no longer so feared and its capital and expertise is desperately needed.

"There is a great stirring out there," says Mr Richard Richardson, director of development for the International Finance Corporation, the private investment affiliate of the World Bank. "As the memory of colonialism recedes, countries are increasingly confident that they are able to deal on terms of parity with the multinationals that were once so feared."

The volume of direct investment in the less-developed countries (LDCs) is hardly spectacular compared with other flows. It probably amounts to little more than $10bn a year in the last three years, compared with a peak of $15bn in 1981—only a quarter of the total investment flows between industrial countries.

By 1980, the Third World was host to about 25,000 of the 98,000 subsidiaries of multinational companies, according to UN estimates, with a few of the newly industrialised countries (NICs) like Brazil, Mexico, Hong Kong and Taiwan holding the lion's share. In the past 20 years, about 250 bilateral investment promotion and protection treaties have been signed. Some socialist countries like China and Romania have made the negotiation of such agreements "a major policy objective," according to Mr John Blair, an expert at the Confederation of British Industry.

Stimulated mainly by the debt crisis, officials are working at both ends to increase the flow of capital and technology into areas hitherto shunned because of their political instability, discriminatory treatment of foreigners or corrupt administration.

For example, the World Bank is launching the multilateral investment guarantee agency (Miga), to insure companies against the expropriation of their assets and other political risks. The agency has now collected the necessary number of signatories and is only waiting for the US contribution to come through before going into business with a share capital of SDR 1bn ($1.26bn).

The International Finance Corporation, meanwhile, has devised a clever mechanism for diluting risk. Called "guaranteed recovery of investment principal" (Grip), it allows investors to put funds with the IFC, which in turn provides equity as a (minority) partner in private sector projects in developing countries. When the investor's loan matures, he can either reclaim his principal if the project has misfired, or take on the investment itself. The IFC shares any dividends in return for taking most of the risk. Sir William Ryrie, the former UK Treasury official who heads the IFC, recently described Grip as "a fascinating technique which holds great promise."

Other equity-creating techniques have been born as a direct consequence of the debt crisis. Large western contractors, desperate for work, are offering to build bridges, tunnels and even power stations on a franchise basis. The idea, pioneered in its modern form by Mr Turgut Ozal, the prime minister of Turkey, is that contractors become part of equity joint ventures not only to build but also to own and operate the facility for a number of years. When their costs have been covered and profits earned, the facility is transferred to the state.

Merchant bankers in London are enthusiastic about the potential of what they call "franchise financing" but are less sure how far it overcomes the problem of a developing country's poor creditworthiness. At the least, some say, it ensures that countries end up with better-quality projects because the onus is on the builder to manage the facility efficiently.

Even the United Nations Industrial Development Organisation (Unido), under its new director general Mr Domingo Siazon, is beginning to act as broker between private companies and developing countries.

Although some East bloc officials criticise Unido's policy departure as flirting with capitalism in breach of its mandate, Unido is accepting company funds for approved projects and giving firms access to its training and advisory services.

Another fashionable technique is the debt-equity swap, encouraged by a number of debtor countries to increase foreign participation in their troubled economies. About $3bn of the combined $220bn foreign commercial debt of five countries—Brazil, Chile, Mexico, Argentina and the Philippines—has been converted so far, according to Morgan Guaranty Trust. At least another $5bn a year could be recycled in these five countries alone, it says, provided the debtors were willing to improve the local investment climate and "open up opportunities for private capital."

In a typical swap, a foreign multinational buys its host country's debt at a large discount. The debt is redeemed in local currency at favourable rates of exchange for the purpose of setting up or expanding a local enterprise—how favourable will depend on whether the investment has a high industrial priority, will generate foreign exchange, reduce the country's imports and create more jobs.

For example, the Japanese steel company Kawasaki recently announced it was looking for $1.2m of Philippine debt, available at a discount of up to 30 per cent, for investment in a subsidiary that turns pineapple waste into animal feed. Nissan, the motor company, has converted $54m of Mexican debt. Early in December, Volkswagen completed the biggest conversion so far—again for Mexico—of $283m.

Although the terms debtors set for such swaps are not always attractive, some bankers believe experiments so far prove there is a large market still to be tapped.

Portfolio investment in developing countries could also begin to take off, according to a recent report sponsored by the OECD, the IFC and the UN Industrial Development Organisation (Unido). Western financial institutions like the pension funds are said to be showing a lively interest in taking equity where local market conditions allow.

An example is South Korea, where the IFC has been working with the Government to stimulate interest in company stocks. One result is the Korea Fund, a portfolio of $60m launched at a premium and traded daily on the New York Stock Exchange.

The IFC and its British equivalent, the Commonwealth Development Corporation, believe they are helping to reinforce a general trend towards privatisation of inefficient state enterprises that opens the way for a surge of new foreign investment. Their own equity stakes are small but have a large psychological value. The IFC, which is in the middle of a $7.5bn five-year programme of seedcorn investment, claims its very presence in a country spreads confidence—and may serve to protect its equity partners from arbitrary interference.

For their part, would-be hosts from China to Venezuela are busily revising their inward investment regimes to remove some of the more blatant discrimination against foreign companies. But, as the example of China shows, reforms announced by central government tend to be designed to disentangle the red tape in stubborn and arbitrary local bureaucracies rather than to address the real problems of foreign investors: a heavily overvalued local currency, too much emphasis on export and local content, too little freedom to repatriate profits.

Indeed, investment codes have scant relevance to real conditions. A statutory requirement for local majority control in a joint venture can often be negotiated away. Export performance targets may be raised one year and lowered the next. Import licensing rules can change overnight in response to a foreign exchange crisis.

"I know investors who never read any regulations at all," says Mr Richardson. "They just go and find out."

Yet behind all the confusion and experimentation, investment-starved countries appear to be overcoming their fear of foreign capitalism. The Gatt talks on trade-related investment are both a symptom of change and an opportunity for the developing world to negotiate mutual concessions that could transform the investment climate worldwide.

Men and Matters

Second thoughts from abroad

What a difference three months make. In November, Dr Hisashi *Shinto, the president of Nippon* Telegraph and Telephone (NTT), Japan's telecommunications utility, railed against the high prices of shares in general and the price, in particular, of Y1.19m ($7,500) put on the NTT shares about to be floated by the government.

"There is nothing whatever to substantiate that price or the prices of other shares these days," he told a group of foreign journalists then.

Yesterday, however, three days after NTT's spectacular launch on Japan's leading stock exchanges, Shinto was taking a more mellow view. The share price had shot up Y230,000 after a similar rise on Tuesday (Wednesday was a holiday in Japan) and stood at Y1.83m at yesterday's close.

That is roughly 160 times NTT's propective earnings per share in the year to March 31, 1987, but it was not "excessively high," he said at a press conference at the Tokyo stock exchange. Yet he acknowledged that NTT would have to perform better than it has in the past to justify the current price.

Labour's law

The inclusion of Alexander Irvine QC, in the list of new Labour life peers will fuel speculation that he is destined for the Woolsack as Lord Chancellor if Labour wins the impending general election.

"Derry" Irvine, an industrial relations law expert and sometime Labour parliamentary candidate, was called to the Bar 20 years ago after collecting law degrees at Glasgow and Cambridge universities.

He took silk at the youthful age of 37. He now heads a set of chambers in the Temple, just six doors down from those of Sir Michael Havers QC, the Attorney General.

Irvine has acted as advocate on both sides of the industrial divide, appearing for employers and unions with equal aplomb. The Labour party has briefed him on a number of occasions, the most recent being the dispute over who should be the party's candidate in the Knowsley North by-election.

Working changes

The workers seem to be losing their once heroic status in Hungary.

A Western-style industrial relations row is now boiling at a loss-making tractor factory which has declared a third of its employees redundant. And a top officials in the state office of wages and labour has declared on television that "state uncle" will no longer look after workers.

The Kispet Red Star tractor plant in Budapest is one of the first Hungarian factories to invoke a new law allowing management to shed workers to improve efficiency. It has dismissed 360 employees and, under the new law, has no responsibility for their future employment. They will receive unemployment benefits.

The workers have angrily denied in television interviews that the plant was inefficient. If that were the case, they argued, why had the managers received huge bonuses? Some complained bitterly about the "authoritarian" management style of Ede Horvath, director general of the factory's parent engineering company, Raba, and a member of the Communist Party central committee. Horvath's last visit to the plant lasted five minutes, they said, and workers were not informed of the impending cuts.

Horvath retorted that there was a pressing need for job mobility. Workers had to be directed to areas where they would produce national income instead of "consuming" it. Management decision-making was still unpopular in Hungary, he noted, but decisions like that at Kispet had to be taken.

This change in attitude was underline by Jozsef Rozsa, of the state office of wages and labour. Working people were to be responsible, in future for their own fate, he said. They could no longer rely on "state uncle" handing out "pocket money."

"Sure sign of an early spring—the teachers are thinking of going on strike again."

Chinese Wilson

Sir David Wilson, who in April will take up office in Hong Kong as one of the territory's last British governors, yesterday took a critical first step in ensuring that his tenure will be a successful one. He changed his Chinese name.

Now such a gesture may not impress western observers overmuch. But, as a Chinese speaker, and a man familiar with the mischievous tricks Cantonese wags can play when making puns on Chinese names, Wilson has realised that if he didn't make the change he would be known as Ngai Tak-Ngai.

Punsters playing games in local Chinese papers have in recent weeks pointed out that the first "Ngai" can mean false or conterfeit. And the second "Ngai" suggests a traditional unlucky tale of "two ghosts knocking on the door." which is an omen of extreme bad luck.

From now on Wilson will be known to his Cantonese subjects as Wai Yik-Shun, which is redolent of worthy ideas such as full confidence and great faith. In Peking, where *Mandarin* is spoken, he will be known as Wei Yixin.

It is uncertain whether the newspaper columnists, and local Hong Kong subjects, genuinely saw ill omens in the name. But Wilson was advised by his senior civil servants in the Hong Kong government that he would keep his original Chinese name at his peril.

USM beasts

Meanwhile, an English firm, JSB Electrical, which does a lot of export business with Hong Kong, is taking the precaution of enlisting the aid of an ancient Chinese tradition.

On February 23rd, one day before it comes to the London unlisted security market, it is installing two Chinese lions at the entrance of its factory in Manor Lane, Holmes Chapel. They are intended to secure good luck and ward off evil spirits.

The timing of the unveiling of the ferocious beasts has been recommended by Chinese astrologers. It is said to be the auspicious moment if the company wants to ensure a good reception in the market.

Observer

POLITICS TODAY

Town halls and the Tories

By Malcolm Rutherford

THERE IS one area in which Mrs Thatcher's Conservatives could yet lose the general election and where the thinking of Mr Neil Kinnock's Labour Party is ahead of her. It is not unemployment, though that comes into it; nor is it the growing gap between rich and poor, though that comes in as well. It is local government.

Conventional wisdom, certainly the conventional wisdom of Conservative Central Office, has it that Labour's "loony" town halls are a pushover. According to this, it is necessary only to cite the excesses of Mr Ken Livingstone, the former head of the late Greater London Council, or of Mr Bernie Grant in Haringey, or of almost anything to do with the council in the London borough of Brent, to show that even at local level Labour government is a disaster.

Yet one wonders how far that view is true. First, the list of "loony" town halls is not endless. There is Liverpool—a case on its own; there are some of the London boroughs, but then the list ceases to write itself. Second, the Labour Party is just as determined to do something about the excesses of the worst examples as the Conservatives. Third, the problem of overspent, yet still deprived boroughs, will not go away whoever wins the election. Fourth, the Labour Party seems to be giving rather more thought to looking at the problem as a whole.

That last point was evident both in Labour's local government conference in Leeds last weekend and in the party's consultative paper, Local government reform in England and Wales.

Local government may not be the most spectacular issue in British politics; it is undoubtedly one of the most intractable. The Conservatives have several times made a mess of it: for example, in their legislation to change its functions and boundaries, as well as the names of places, in 1972. The question of devolution for Scotland and Wales — which is part of the local government issue— did as much as anything else to bog down Mr James Callaghan's Labour administration a few years later. And, as Labour's consultative document points out, no fewer than 14 major bills directly affecting local government have gone through parliament since the Tories returned to power in 1979. Yet at the end of the day local government remains in a state of crisis.

It might help to try to define the problem. It is, or should be, about democracy at the local level. Local government will operate best where there is a sense of place, where it follows natural boundaries and represents identifiable communities. If the local council does not operate well, it can always be thrown out and replaced by the elective process.

There will almost always have to be financial topping-up by central government because local authorities cannot raise sufficient funds of their own. That should be a matter for negotiation between central and local government, perhaps following a clearly laid-down formula that takes into account standards of performance and the relative poverty or affluence of the community.

One of the difficulties, however, has always been that not everywhere in England and Wales has a sense of place. That is partly because of the disproportionate size of the population of London and the south-east in relation to the rest of the country. It is also very hard to decide whether suburbs belong to the city they surround or should form a separate entity. The result has been constant tinkering, such as the Conservative pledge in the 1983 election manifesto to abolish the Greater London Council and the six metropolitan counties without being sure what to put in their place.

At present there is a trend towards greater and greater centralisation as the Conservative Government in Westminster tries to control authorities which it thinks are either overspending or spending foolishly, or both. Instead of local democracy, to borrow a phrase from Lord Hailsham, the Lord Chancellor, there is "elective dictatorship." Under the Tories the trend seems bound to continue.

Yet the installation of local democracy, together with generally acceptable boundaries and a system of grant distribution from central government that everybody understands, would be a prize worth winning.

Labour's Jack Straw: the problems are horrendous.

That, basically, is what Labour's consultative paper is about.

There are two main elements. One is directly linked to Labour's employment policy of seeking to create 1m new jobs within two years of being in office. It means persuading local authorities, under the existing structure, to be ready with schemes for capital spending in order of priority on day one of a new Labour Government. Day one need not be taken too literally, but the Labour Party front bench estimates that there could be a fairly quick impact on jobs (and morale) even if most of the schemes were for renovation and repair.

From the point of view of this article, however, the more interesting element is the longer-term review of the system. Labour would set up a committee of inquiry to review the structure, functions and role of local government and to report within six months. It may be said, with customary British defeatism, that we have been through all that before and nobody has found an answer. Yet past failure should not be an excuse for refusing to try again, for sooner or later the issue will have to be tackled.

Present problems are horrendous, as Mr Jack Straw, a Labour spokesman on the environment and one of the architects of the consultative paper, is the first to admit. There is, he says, a London problem for the Labour Party because some of the Labour councils did develop loony tendencies which are going to be hard to live down. Promoting the rights of gays and lesbians was not an adequate substitute for preserving the housing stock and collecting the rubbish.

Yet London is a problem that goes beyond the Labour Party. Even a newly returned Conservative administration would have to do something about it quickly, as the recent report from the Audit Commission for Local Authorities in England and Wales makes clear.

The report was toned down before it was published because the commission, as an independent watchdog, is obliged to consult the local authorities about its findings before it attacks them outright. Even so, it is still pretty devastating.

A group of eight deprived London boroughs, including Brent, Camden, Islington and Lambeth, is compared with another London group of eight, facing similar problems of housing deprivation, and the eight most deprived metropolitan boroughs, excluding Liverpool—for which information was not available. The Brent-Islington group comes out appallingly in almost every way.

Here are random examples. On a typical night in inner London more than 5,000 families will be put up in bed-and-breakfast accommodation at council expense. One council ruled that there should be twice-weekly rubbish collections; they take place on consecutive days. Some of the councils have a "no redundancy" policy for their employees, yet they remain ridden by industrial disputes.

Auditors, in so far as they exist, have a hard time of it. A typical timetable goes like this: January 27 1984, auditor refers to problems with rent arrears; March 12 1985, further references by auditor in management letter; March 13 1986, officers' report submitted to housing management (rent arrears) sub-committee; committee resolves to circulate for review; September 30 1986, deadline for other committees to comment.

Thus two and a-half years after a problem has been identified, the committee structure is still talking about what to do.

At the same time, there is the problem of creative accountancy. The report comments that in a number of London authorities expenditure is running well above income from rates, grants and charges. They manage by drawing down financial reserves and by borrowing where the first repayment is deferred for three years. The implications for future ratepayers are serious as the repayments become due.

Not all London boroughs behave like this, as the report is at pains to point out. Greenwich, where there is a parliamentary by-election in two weeks' time, is a high spender, but relatively efficient. A slow process of reform seems to have begun even among the worst offenders. Yet one sees what Mr Straw means when he talks about Labour having a "London problem." The aim of Conservative Central Office is to persuade the electorate that all Labour authorities are — to a greater or lesser degree — like Islington and Brent.

Until recently Labour has tended to be on the defensive. This has started to change. The conference at Leeds was packed with Labour councillors who looked neither weird nor like old-style town hall bosses. Nor were they demanding that all the problems of local government must be solved by yet more money. Instead they were insisting on keeping their autonomy and being allowed to run local affairs in their own diverse ways. What they wanted, above all, was further decentralisation.

Such councillors have, in a way, quite a lot to deliver. They have kept Labour going locally when the party was up against it nationally. They have preserved jobs and services, and developed ideas which once seemed heresy but are now the conventional wisdom; for instance, lower fares on public transport to increase its use. (There is even one thought around that the Labour constitution might be changed to allow a special section for representatives of local government on the party's national executive, alongside the trade unions.)

Moreover, while people object to high rates and to too much emphasis on gay rights, they also object to the running down of local services. Some Labour councils have done their best to maintain them in adverse circumstances and the Labour Party is honest enough to admit that the whole question of local government must be tackled afresh. Mr Norman Tebbit, the Tory Party chairman, might yet overreach himself if he seeks to portray all Labour town halls as "loony."

Lombard

Crusader at the World Bank

By Michael Prowse

IT IS probably fair to say that Mr Barber Conable's appointment as World Bank president last year was widely regarded as uninspired. Mr Conable had a record as a decent and competent US Congressman but no experience of running a large and complex organisation and little knowledge of either banking or development economics. In the Third World, the question on everybody's lips was "Barber who?"

Nearly a year later, it is still far too early to judge whether Mr Conable will be a good, bad or indifferent World Bank president. He has not produced a brilliant new plan to deal with the debt crisis — but then nobody suggested he was another Lord Keynes. On the other hand, he does seem to be bringing to development issues a passion that perhaps was lacking in his predecessor, Mr A. W. "Tom" Clausen. His inaugural address of last September and a speech delivered in Nairobi this week carry an emotional charge that would embarrass a run-of-the-mill speechwriter.

The Nairobi speech develops a theme referred to only fleetingly in the inauguration address: the role of women in development. It is rather striking that, when most economists are debating the relative merits of different types of financing facility and different recipes for macro-economic adjustment, Mr Conable should zero-in on a structural problem of vast proportions—so vast that it has never been properly tackled. Relief agencies have highlighted again and again the plight of children in the Third World. How often have they worried specifically about the mothers?

Mr Conable has not yet chained himself to railings on behalf of Third World women, but there is no doubting his outrage at their physical and economic subjugation. He points out that they face a risk of death in pregnancy that is 100 times as high as in the developed world and that about 1,400 women die every day in the course of carrying children or giving birth. The deaths are mostly unnecessary and could be averted by quite small investments in basic health care and nutrition.

Women's economic deprivation is almost as worrying. They do two-thirds of the world's work, produce 60-80 per cent of Africa's and Asia's food, yet earn only one-tenth of the world's income and own less than 1 per cent of the world's property. In Africa in particular women do the hardest work for the least pay, often for no pay.

The discrimination is not just bad in itself; it is holding back Third World development. Much aid money goes directly to men and never reaches the women who do the productive work. Mr Conable points out that when (as in Bangladesh) credit for small business or agriculture is available to women, they prove to be excellent risks with better repayment rates than men. When backed in agriculture, women have often adopted more efficient farming techniques.

How can Third World women be helped? To combat maternal deaths, the World Bank is helping to establish a Safe Motherhood Fund. The aim is to cut in half deaths in pregnancy and childbirth by the year 2000. Economic and social discrimination poses a deeper challenge. Women's conception of their own role is likely to change only gradually as a result of better education. Few people get a good education in the poorest countries, but women on average do much worse than men: 80 per cent of women over the age of 25 have had no schooling at all and six out of 10 school-age girls are still in the home instead of in class; only half of women in developing countries are literate compared with two thirds of men.

Mr Conable's rhetoric about development is encouraging. In the long run, however, he will be judged by his actions. He claimed in his inaugural address that in the World Bank he had found the thing Archimedes had dreamed of: a place from which to move the world. It is now just a matter of getting the lever into position.

Letters to the Editor

Corporation tax

From Mr D. Brooks

Sir,—Corporation tax, the tax on company efficiency, yielded under £2bn in 1975-76. In 1985-86, after the changes in rates and capital allowances, the *increase* alone was £1.7bn on the previous year. For 1986-87 a similar increase had been expected, but your columns (February 10) report Credit Suisse First Boston estimating the further increase for this year could be as high as 40 per cent over last year—about £4bn.

If the Chancellor gives back £3.5bn in tax cuts this year for consumers to spend, it is a frightening thought that it will have been entirely paid for in under two years of extra take from the re-investment capability of those organisations which have shown themselves most competent to invest.

There must be a case for a nil rate band of corporation tax.

David Brooks,
243 Whitehorse Road,
Croydon, Surrey.

Loony council debts

From Mr P. Ravenscroft

Sir,—Councillor Heseltine's letter from the depths of Islington (February 10) is fascinating. Debts of £1bn, and annual interest of £110m (£1,000 per voter per annum).

Who I wonder are the lenders who provided this huge and disproportionate finance to Islington Council? Could it be our old friends the bankers, who so eagerly lent to, and in 1974 destroyed many of, the property developers? And who in the 1980s have lent astronomic and unrepayable amounts to various countries in South America? I think we should be told.

Pelham Ravenscroft,
Oakwoods Farmhouse,
Near Selborne, Alton, Hants.

Commodity markets

From the Chairman,
London Commodity Exchange.

Sir, — I note with interest the letter from Mr Englebright (February 10) with regard to the costs of regulating commodity markets arising from the Financial Services Act. While I have sympathy with his sentiments I would like to make two important points.

Experience shows that a well regulated trading environment can be most beneficial to the volumes of business transacted and "the powers that be" are having much of the costs forced on them by the relatively large number of small and dispersed London exchanges. We believe that the costs of regulation for the commodity markets will amount to approximately £4m per annum. We know with reasonable certainty that a sensible reorganisation could save approximately £2m of the annual cost of administration and regulation and this takes no account of the savings which members companies might gain from such a reorganisation.

I believe that sensible and concerted action on the part of the exchanges which make up this industry is more likely to ensure a profitable future than imploring the "powers that be" to keep the cost of self regulation down, important though this undoubtedly is.

Saxon Tate,
58 Mark Lane EC3.

Brokers out of business

From Mr L. Morgan

Sir,—I agree with Mr Lewis's figures (February 10) and his questions on possible conflict of interests.

In my opinion the original and laubable purpose of consumer protection has become distorted and the legislation has become a springboard for direct selling life offices. The small professional local independent advisor has been delivered into the smiling jaws of Mammon.

The consumer will soon find out that local independent advice will cease to exist as the small businesses die and are replaced by droves of direct salesmen offering a choice of one insurance company.

And all this from a Conservative Government who are supposed to be committed to expanding the small business sector.

Louis Morgan
19 Railway Street,
Hull, N. Humberside.

Imperfect democracy

From Miss E. Lakeman

Sir,—Paul Mercer (February 10) is one of many people who fear the advent of a Labour government dominated by its extreme left. But how is it that there need be any such fear? The extreme left is obviously a minority; Britain claims to be a democracy, and doesn't democracy mean, among other things, majority rule?

The answer is that we have a very imperfect democracy, in which nearly every government comes to power with the support of less than half the voters and those who did vote for it have had no possibility of choosing between a right- and left-wing candidate of that party.

Those who fear that the moderate majority may be ruled by an extreme minority ought to be working to change our voting system so as to make sure that the majority always wins.

Enid Lakeman,
37 Culverden Avenue,
Tunbridge Wells, Kent.

A number of ways in which the polls can go wrong

From the Research Director,
Hughenden Foundation

Sir,—Mr Peter Riddell's article "What went wrong for the pollsters" (February 7) identified a number of ways the polls can go wrong. Even if the polls were accurate as to the percentage of the total vote each party would receive, however, this no longer provides a reliable predictor of the general election result. Translation of percentages into seats requires assumptions to be made about the existence and nature of some systematic relation between the change in each party's vote nationally and the change in its vote in each constituency. The existence of such a relationship seems to me questionable. A number of polls targeted on specific constituencies have already suggested that the Labour Party has done much better in seats it holds than seats it does not hold.

There is a particular problem over the Liberal and SDP vote. From 1945 to 1979, the Liberal vote has been substantial in a limited number of seats, but in general Liberals came third where they stood, and not infrequently lost their deposits. Following the emergence of the SDP and the electoral pact with the Liberals, Alliance candidates did very much better, and are now in second place in a large number of seats. It tends to be assumed that the Alliance is now a national party and that increases in its vote will be reflected in more or less uniform gains across this country. This I doubt. In 1983, SDP and Liberal candidates did exceptionally well in those constituencies which are predominately centres of the new service industries or have a large commuting population while doing rather badly in constituencies with a strong manufacturing presence.

A plausible explanation for this is that the SDP's image as a civilised, modernising party is most attractive to the graduate or professional who genuinely wishes to see progress for the less fortunate but without suffering too much in the process. In contrast to the professional in the inner cities, who may vote for more drastic remedies, whether these be a vigorous Conservative drive for effectiveness and efficiency as in Wandsworth or radical socialism as in Greenwich, the professional whose conscience dictates that self-interest is not enough and who lives in outer London, the Home Counties or some of the prosperous residential areas in the provinces seems tempted by the softer option.

On this analysis, it seems as likely that any further improvement by the Alliance will be concentrated in the seats where the greatest advances have already been made as it does that the Alliance will find a new base of support. Looking at what the Alliance is actually doing suggests very strongly that it is concentrating on particular areas and groups and that must increase the probability of highly concentrated areas of support.

If the Alliance were to make further advances on the back of the SDP's appeal to professionals, it is quite possible for a relatively small increase in its share of the national vote to enable it to seize a number of seats with apparently healthy Conservative majorities.

In certain circumstances, the polls might fail to register even the national change in voting intentions. If willingness to vote Alliance is determined by a mixture of geographical, educational and occupational background, and if voting Alliance is contagious, then the Alliance's percentage of the vote could be materially influenced by the proportion of sampling points which fall into areas where the Alliance is gaining support. The Alliance vote could be either understated or overstated as a result.

There must also be the prospect of quite marked changes in voting intentions any time up to polling day. If the Alliance's chance of gaining seats depends essentially on winning the battle for the hearts and minds of the best educated and informed section of the population, then the rhetoric adopted by the Conservatives is likely to prove crucial, and the style and content of Conservative speeches—especially those putting forward positive proposals for tackling the inner city problem, improving the provision of health and reducing unemployment—is likely to prove as good a guide to the prospects of a hung Parliament as the opinion polls.

J. R. S. Egerton.
4, Hobart Place, SW1.

FINANCIAL TIMES

Friday February 13 1987

Bank of England warns on currency turbulence

By Philip Stephens, Economic Correspondent, in London

LARGE PAYMENTS imbalances between the world's major economies remain a serious threat to sustained economic recovery, highlighting the urgency of international co-operative action on exchange rates and fiscal policy, the Bank of England said yesterday.

Its warning, in its Quarterly Bulletin, came amid indications that the governments of the Group of Five industrial nations are still considering ministerial talks to bolster the co-ordination of their economic policies. Senior European monetary officials believe that a meeting is still possible later this month.

The Bank said it believes that such a meeting could be helpful in calming the recent turbulence on foreign exchange markets, but its success would depend on a clear commitment from the US, Japan and West Germany to reinforce attempts to stabilise their currencies with appropriate economic policies.

Its review of the international outlook highlights the difficulties facing the senior officials involved in the negotiations over such talks.

Despite the sharp fall in the dollar's value over the past two years, the Bank said that the pattern of current account balances between the developed countries shows virtually no improvement. Despite some slowing in the deterioration, the Japanese and German surpluses and the US deficit remain very large.

That in turn has led to renewed protectionist pressures in the US which threaten the open trading system. "The need now is to maintain that system, to roll back the restraints that have been reintroduced on trade in manufactures, and to work towards a liberal trade regime in areas such as agriculture and services," the Bank said.

The Bank said that, for the imbalances to be gradually removed, the US needs to bring its Budget deficit onto a firmly downward trend, while West Germany and Japan should, if necessary, relax fiscal policy to promote faster growth in their economies.

Lawson urged to reduce borrowing

Continued from Page 1

structure in the 1984 Budget means that many large companies have now exhausted the large tax credits they had built up in previous years.

The IFS Green Budget forecasts that Mr Lawson will cut taxes by £2bn in the budget – probably through a 2p reduction in the basic rate – while lowering his PSBR target by £1bn.

In its review of the international economic outlook, the Bank appears keen that the current negotiations between senior officials of the Group of Five industrial nations will result in an agreement to strengthen co-operation.

In recent weeks the US has proposed the establishment of a loose system of currency reference zones to stabilise the value of the dollar in return for a commitment from Japan and West Germany that they will promote faster growth in their economies. Despite difficulties encountered in negotiations between officials there are still hopes that ministerial talks may be arranged for later this month.

The Bank warns of the serious risks posed by the US current account deficit and the parallel surpluses in Japan and West Germany. It says that foreign exchange markets are likely to remain volatile until there is clearer evidence that governments are co-operating to promote more balanced growth.

In particular, it says, that stability on foreign exchange markets will depend on firmer action by the US to reduce its Budget deficit

UK bank to finance US exports to Soviet Union

BY ALEXANDER NICOLL IN LONDON

EXPORTS of US agricultural equipment to the Soviet Union are to be financed through a novel mechanism, providing the Soviets – even though they do not have access to US Eximbank guarantees – with funding at interest rates lower than would normally be available from Western official export credit agencies.

Morgan Grenfell, the UK merchant bank, has arranged the financing to support a $28m contract for Valmont Industries Corporation, a Nebraska-based maker of irrigation plants, to export equipment to Techmashimport, the Soviet foreign trade organisation.

US exports to the Soviet Union are hampered by the US Eximbank's inability to grant guarantees such as would be provided by European official agencies such as Britain's Export Credit Guarantee Department.

The Morgan Grenfell financing, though it is backed by no official guarantee, provides the Soviet Union with fixed rate funds such as European exporters. It is of an unusually large size for an export credit lacking a guarantee.

This has been achieved by combining methods commonly used in the capital markets for swapping interest payment streams with techniques similar to those employed in forfaiting, where a buyer issues notes to the exporter which are then discounted and traded by forfaiting houses.

The maturity of the loan, however, at 11 years, is far longer than in a normal forfaiting arrangement.

The result is that the Soviet Foreign Trade Bank will obtain financing at a fixed rate below 8 per cent, compared with rates of 8 to 9 per cent under the consensus agreement for official export credits of the Organisation for Economic Cooperation and Development.

Morgan Grenfell also said yesterday that it and Bank of Scotland, with the collaboration of Moscow Narodny Bank, had signed a protocol with the Soviet Foreign Trade Bank *Providing a framework* for fixed rate credits supporting UK capital goods exports to the Soviet Union. This was associated with the protocol signed by UK and Soviet governments last week.

De Clercq reveals plan to crack down on under-pricing

BY DAVID HOUSEGO IN PARIS

MR Willy de Clercq, European Commissioner responsible for external trade relations, yesterday disclosed plans for a very substantial increase in the size of the Community's anti-dumping unit.

He told the West German Iron and Steel Association in Düsseldorf that he had proposed to the Commission an emergency programme "to reinforce the services concerned." A decision was expected in the next few weeks.

The Commission is struggling to deal with between 30 and 40 complaints received since last October, all alleging unfair under-pricing by exporters to the EC in products including semiconductors, compact disc players, and electronic printers. Anti-dumping officials have complained that they cannot keep up with this record workload and that long delays will be inevitable in mounting investigations.

Mr Willy de Clercq

If member states agree to a Commission proposal to crack down on low cost assembly plants set up in the EC to circumvent anti-dumping duties on finished products, their workload is likely to be increased further.

"The fact is, unfortunately, that at the moment we simply do not have the resources to complete investigations within the kind of timetable you expect ... the only solution to this problem lies in a very substantial increase in our resources," said Mr de Clercq.

He said the Commission had 26 professionals to deal with a workload barely smaller than the US Department of Commerce, which has 250 anti-dumping investigators. However, Mr de Clercq emphasised that the Commission was not proposing to go beyond the rules of the General Agreement of Tariffs and Trade. "If we did so, we would be the first to suffer from the backlash," he said.

UK cement manufacturers abandon price-fixing cartel

BY ANDREW TAYLOR IN LONDON

BRITISH cement producers yesterday abandoned their 53-year-old price fixing agreement. The announcement by the three remaining British manufacturers heralds a new era of competition in the British cement market, one of the largest in Europe.

Manufacturers said the ending of the agreement would allow them to compete more effectively against subsidised foreign imports and against rival products used in concrete manufacture.

Blue Circle, the largest British manufacturer, said last night it did not expect the end of the agreement to herald a price war between domestic producers.

The common pricing agreement, set up in 1934, has been under increasing strain. Customers said yesterday that domestic manufacturers, had been offering under the counter discounts for some time in a bid to win market share.

The UK Office of Fair Trading has recently been investigating whether to send common pricing agreement back to the Restrictive Practices Court, which cleared the pact in 1961. A subsequent attempt to take the issue back to the court failed in 1974.

The decision to end the agreement means that cement manufacturers operating in sensitive local markets will be able to cut prices to combat competition from importers and from domestic producers delivering into their area from plants further afield.

Manufacturers will also be able to offer openly discounts to large customers and to reduce prices to customers prepared to collect their cement.

There has been little incentive for customers to arrange their own transport and storage facilities, the cost of which has fallen heavily on domestic producers.

Blue Circle has already announced plans to rationalise its distribution operations and has halved its lorry fleet to 800 vehicles.

Mr Anthony Streatfeild, chairman of Rio Tinto Zino's UK cement operations, said the new arrangements would allow greater flexibility to British manufacturers facing increased competition from foreign imports and from other products used in concrete manufacture, the industry's biggest customer.

Rugby Portland, the other main UK cement producer also supported the decision to end the pricing agreement.

Foreign imports, mostly bagged cement from Poland and East Germany, increased by 100,000 tonnes last year to 468,000 tonnes. This represented less than 4 per cent of total UK cement sales, but manufacturers are concerned that the arrival in Britain last summer of cut-price Greek cement could presage a new assault on the market.

Cement sales in the UK have fallen substantially since the early 1970s as construction workloads have declined. Sales by UK manufacturers are averaging around 13.4m tonnes a year compared with annual sales of more than 17m tonnes regularly achieved in the late 1960s and early 1970s.

Since 1970, the number of British cement works has been reduced from 47 to 24 and the numbers of production workers has fallen from 10,700 to 5,700.

Threat to Japanese audio imports

Continued from Page 1

Representatives of the music industry were in Brussels yesterday lobbying the EEC. Thorn EMI, which owns EMI Music, one of the largest music companies in Europe issued a statement backing the demand.

A bill has now been introduced into the US Senate by a group of influential senators which would require the inclusion of spoilers in all digital audio tape machines in the US for the next three years.

Its sponsors believe the bill, which has been referred to the Senate's commerce committee, could help force the Japanese to negotiate a voluntary agreement with the Western music companies.

They will press for the bill to be passed quickly if the Japanese look ready to export the new system without reaching such an agreement.

The US Government has said that it was prepared to legislate a technological solution to digital audio tape as part of its tougher stance on trade issues with Japan.

Meanwhile, Aiwa said its machine, to be sold in Japan only at first, will cost Y188,000 ($1,228), with a two-hour cassette costing Y2,000.

Other Japanese manufacturers are expected to launch the new system in Japan soon and they plan to begin exports to the US and Europe later this year.

World Weather

		°C	°F
Ajaccio	R	13	55
Algiers	C	11	52
Amsterdam	C	6	43
Athens	C	15	59
Bahrain	S	20	68
Bangkok	S	33	91
Barcelona	R	9	48
Beirut	-	—	—
Belfast	S	4	39
Belgrade	S	9	48
Berlin	C	3	37
Biarritz	C	10	50
Bombay	S	31	88
Bordeaux	C	10	50
Brussels	C	4	39
Budapest	F	5	41
B. Aires	S	28	82
Cairo	S	23	73
Cape Town	F	25	77
Caracas	C	28	82
Casablanca	C	16	61
Chicago	C	11	53
Cologne	R	6	43
Copenhagen	R	1	34
Corfu	C	16	61
Dallas	S	10	50
Dublin	C	3	37
Dubrovnik	R	11	52
Edinburgh	R	3	37
Faro	-	—	—
Florence	R	12	54
Frankfurt	C	4	39
Funchal	F	17	63
Geneva	C	5	41
Gibraltar	F	13	55
Glasgow	S	5	41
Guernsey	F	6	43
Helsinki	Sn	-1	30
H. Kong	F	23	73
Innsbruck	F	13	55
Inverness	F	3	37
Islamabad	C	21	70
Istanbul	S	14	57
Jakarta	R	31	88
Jersey	S	9	48
Jo'burg	F	23	73
Lima	-	—	—
Lisbon	C	13	55
London	C	5	41
Los Angeles	C	19	67
Luxembourg	Fg	4	39
Madrid	F	9	49
Majorca	D	12	54
Malaga	F	13	55
Malta	C	16	61
Manchester	S	5	41
Manila	S	31	88
Melbourne	S	21	70
Mexico City	S	24	75
Miami	S	12	54
Milan	R	3	37
Montreal	Sn	-6	21
Moscow	C	-8	18
Munich	F	1	34
Nairobi	C	27	81
Naples	C	16	61
Nassau	C	23	73
New Delhi	S	22	72
New York	S	5	41
Nice	R	10	50
Nicosia	S	17	63
Oporto	F	11	52
Oslo	C	-1	30
Paris	C	8	46
Peking	S	4	39
Prague	C	2	36
Reykjavik	S	-1	30
Rhodes	F	18	64
Rio de J'o	C	27	80
Rome	R	12	54
Salzburg	C	9	48
San Francisco	R	20	68
Seoul	S	6	43
Singapore	S	31	88
Stockholm	S	4	39
Strasbourg	C	5	41
Sydney	S	26	79
Taipei	C	28	82
Tangier	C	13	55
Tel Aviv	S	23	73
Tenerife	S	20	68
Tokyo	F	22	72
Toronto	C	1	34
Tunis	C	15	59
Valencia	S	14	57
Venice	R	10	50
Vienna	S	9	48
Warsaw	S	7	45
Washington	C	2	36
Zurich	C	3	37

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

French presidency plan

Continued from Page 1

creasing the possibility of Mr Mitterrand being elected and of probably requiring a referendum in advance of next year's presidential election.

A Government official said yesterday that Mr Chirac would consult his coalition partners before taking any decision - which is seen as a way of trying to bury the project in the labyrinths of parliamentary procedure.

The proposal for reducing the president's term to five years was, however, voted by both houses of parliament in 1973 at the instigation of President Pompidou. On most constitutional readings it now requires a referendum, or a joint session of both houses and a three fifths majority to become law. Mr Giscard d'Estaing said yesterday that he would favour a referendum.

His proposal marks the second occasion in recent weeks on which he has embarrassed his political allies. He has also announced his candidature for the presidency of the foreign affairs committee of the National Assembly at a time when part of the centrist UDF - of which Mr Giscard d'Estaing was the founding figure - is committed to another candidate.

Among reasons being put forward yesterday for his action was a readiness to see the UDF break up now that control of it is slipping from his grasp. The other reason put forward was that Giscard d'Estaing might be positioning himself to seek a second term as president

Mr Rajiv Gandhi

Letter from Gandhi puts Sri Lanka on the spot

By Mervyn De Silva in Colombo and Stewart Dalby in London

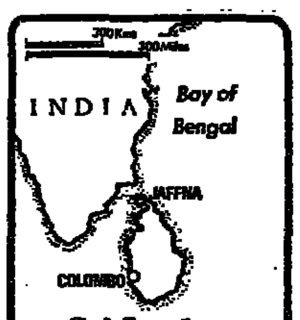
THE stark announcement by Mr Rajiv Gandhi, the Indian Prime Minister, that he will no longer mediate in the conflict in Sri Lanka between the majority Sinhalese and the minority Tamils (some of them of Indian extraction) has sent a frisson through the Government of Mr Junius Jayawardene in Colombo.

Mr Gandhi has demanded the cessation of both the offensive against the predominantly Tamil town of Jaffna on the peninsula in the north of Sri Lanka and of actions against other Tamil areas in the east and the north of the island.

Mr Gandhi in a letter to Mr Jayawardene, has said he is worried about the death toll, and the effect the three week "economic blockade" is having on the civilian population in the Jaffna peninsula.

Mr Gandhi has stressed the need for Mr Jaywardene to abide by agreements that he will urge Tamil militants to negotiate if the Sri Lankan Government considers regional autonomy.

The conflict between the Sinhalese, who make up most of the island's 15m population, and the Tamils (some indigenous and some owing allegiance to the Indian state of Tamilnadu) has caused 1,000 deaths since 1983.



Sri Lanka

The two English language newspapers in Colombo, often good conduits of government thinking, have reported that the Government was "taken aback" and "perturbed" by the Indian Prime Minister's "stern" letter.

These same newspapers reported recently that the Sri Lankan army would soon "recapture" the northern peninsula, which is the Tamil separatist stronghold. In addition, they have quoted Mr Lalith Athulathmudali, the national security minister, as saying the north was "encircled."

The feeling in New Delhi and in Colombo is that the Sri Lankan Government has taken advantage of Mr Gandhi's preoccupation with recent India-Pakistan friction, as well as with Afghanistan, to press an offensive against the Jaffna peninsula.

What he can do is stop constraining the elements of the Tamil militant group who reside in Madras, the capital of Tamil nadu. Indeed, there have been suggestions that he could reverse his policy and go as far as to provide Tamil guerrillas with new weapons including Soviet-made Sam-7 missiles if Mr Jayawardene presses ahead with his current offensive. However, most observers in New Delhi and Colombo dismiss this as too extreme.

Mr Gandhi is slightly hamstrung in his attempts to tread a middle path by the outrages perpetrated by Tamil extremists. Recently, the Tamil Tigers, the most extreme of the Tamil groups, perpetrated massacres in 42 Sinhalese villages near Ampura in the east of the island. The massacres swung even the opposition party of Mrs Sirimavo Bandaranaike behind the Government, after a fashion.

One aspiration of the Tamil separatists was that the eastern province could link up with the north to make a separate Tamil homeland. The closest the Sinhalese-dominated government of Mr Jayawardene ever got to this was to suggest some kind of regional autonomy.

Mr Jayawardene seems to have backslided on even these tenuous commitments, as Mr Gandhi's attentions have been diverted.

THE LEX COLUMN

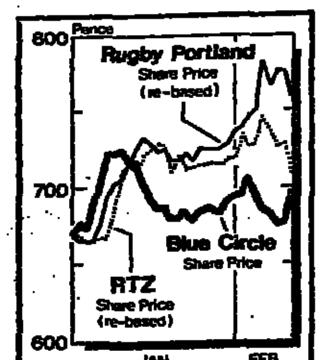
Cement boots for the concrete club

A Panamanian freighter loaded with cut-price Greek cement seems exactly the *deus ex machina* which ought – in poetic and economic justice – to have been responsible for yesterday's abandonment of the Ancient British cement cartel. But the truth seems to be more prosaic: after 53 years of a price-fixing regime that worked best when cement was in short supply, the three UK producers appear to have decided, after ten years of glut, that competitive pricing might suit them better.

Part of the UK cement market has, indeed, been claimed by competitively priced imports, while substitute materials, known as "extenders", have probably taken a good 5 per cent share. Deregulation of the cement trade may lead to a lowering of average domestic prices – though it would be rash to count on it – but it can be relied upon to make every form of the local product extremely cheap in the vicinity of Tilbury and Liverpool.

The enthusiasm for Blue Circle shares which emerged yesterday, after some initial misgivings, is probably justified. It may be too much to claim that Blue Circle is at last in a position to transform its large market share into a base for price-leadership; but it can certainly establish more effective pricing in its Northern and Western strongholds, and eliminate an awful lot of uneconomic cross-country trucking.

It may equally be too soon to decide that red-toothed competition will disadvantage RTZ and Rugby, though the fall in both share prices yesterday is not denying that possibility. RTZ's investment in strategically placed and very large dry-process kilns gives it a much lowered cost base from which to fight – and to commit revenue to competing on distribution and service. It would be in keeping with industry tradition for the official cartel to resolve itself into a series of cosy local monopolies, but times may, at length, have changed.



Kaiser Steel

Great fleas have greater fleas upon their backs to bite 'em, and when the fleas are living off successive layers of leverage, the end can be sorry indeed. One moral of the Chapter 11 filing by Kaiser Steel is simply that if you start off with a shaky industrial entity, to take it private under a pile of debt is one of the easier ways to stumble over the brink.

But Kaiser's story does seem to be more than one of the Great Leveraged Disasters. Having issued a preferred stock on the way, and missed a couple of dividend payments, Kaiser has recently undergone a shift of control from the buy-out merchants to the preference holders. If there is anything left at all for any class of equity holder, it may be a parcel of Californian real estate, which may be just what the owners of the preferred stock were counting on.

Norsk Hydro

Underlying Norsk Hydro's ghastly performance in 1986 is the sad story of the hedge that failed. The idea that the dent in earnings from oil and gas would be compensated by lower input prices for the growing agri-chemical division was cruelly exposed by a price war in fertilisers. Perhaps that should have been forseen before increasing the company's exposure to the sector; but having waded in the management has at least tried to keep shareholders informed of the damage. That is one reason there were not many more loose holders to shake out yesterday. Those that remain clearly have a taste for asset-backed cyclical stocks and you do not get much more cyclical than post-tax profit of £196m in 1985 to loss of £30m in 1986.

While things should not get much worse, they may get better rather slowly. Oil and gas actually picked up slightly in the dismal final quarter (which turned a 1985 pre-tax profit of NKr 1.23bn into a loss of NKr 992m), but thanks to its lagged effect, the lower gas price has yet to hurt. Nevertheless, the management is rationalising with vigour and hopes to save up to NKr 1bn next year after halving exploration costs. Thanks to a hefty after-tax provision of NKr 500m and the devaluation the worst news may all have come together. There are also a few good omens in both the fertiliser price and the integration of ASV.

A return to earnings of NKr 25 a share by 1988 may be a bit hopeful but long-termers will not overlook those remarkable oils and gas reserves, some of which are coming on stream in 1989.

Capital Radio

Capital Radio has a curious sense of timing. No one can blame the vendors for having watched with increasing envy the flotation of three of its screen-based cousins last year, but to jump on the bandwagon just before the publication of a Green Paper on the future of independent radio smacks of almost indecent impatience.

The advertising cake may be growing, but it is being cut into ever thinner slices, and the radio stations' portions have shrunk more than most. They are already facing further inroads into their traditional domains of breakfast-time and late night listening from increasing television airtime, and a Green Paper proposal for a national commercial radio channel would do nothing to alleviate the competition.

Few allowances have been made for this alarming contingency in Capital's offer price. The yield can be rivalled by several more attractive television stations (and even by British Gas). Yet if the British Airways has proved anything, it is that the British investing public is far from risk averse, and there will surely be enough fans among Capital's loyal listeners to see such a small issue away without embarrassment.

FINANCIAL TIMES

Friday February 13 1987

Toronto exchange launches inquiry in Memotec deals

BY BERNARD SIMON IN TORONTO

THE TORONTO Stock Exchange has launched an investigation into possible insider trading in the shares of Memotec Data, the small Montreal data communications company which was unexpectedly named earlier this week as the succesful bidder for Teleglobe Canada, the country's state-owned international telecommunications carrier.

Memotec's share price jumped by 18 per cent on Thursday last week, the day that the government agency negotiating the sale of Teleglobe made its confidential recommendation to Mrs Barbara McDougall, the minister responsible for privatisation. The number of Memotec shares traded in the three days before the public announcement was more than half the volume during the whole of 1986.

Although Memotec shares have been recommended by several analysts over the past six months, the choice of the company as the successful bidder for Teleglobe came as a surprise. Memotec, which is controlled by a group of large pension funds through two venture capital companies, is only a sixth the size of Teleglobe in terms of assets.

Memotec disclosed its offer for Teleglobe only after the sharp rise in its share price last week. Its five rival bidders included some of Canada's best-known companies and the big Quebec pension fund Caisse de Depot.

Memotec said that it will finance the C$488m (US$363m) purchase of Teleglobe by issuing C$125m in convertible debentures to institutional investors and by a bridging loan of up to C$225m from National Bank of Canada.

The loan will be replaced later by a public offering of common shares and by other unspecified debt and equity instruments. National Bank is a shareholder in one of the venture capital companies which controls Memotec.

Officials of the Toronto Stock Exchange and Ontario Securities Commission met yesterday to discuss the Memotec case. The Ontario legislature passed a law earlier this week greatly increasing the penalties for insider trading to a maximum of C$1m (or three times the insider's profit), or a two-year jail term.

Steyr to sell off bicycle division

By Patrick Blum in Vienna

STEYR-DAIMLER-PUCH, Austria's troubled motor and weapons group, is to sell its bicycle and moped division in an effort to reduce the group's losses.

The future of the two-wheeler division is to be discussed at a meeting of the company's supervisory board on February 20, but officials say privately that there are only two options on the table: either to sell the division or to close it.

Steyr has already had one offer from Piaggio of Italy and another is expected from a Swiss company either on its own or jointly with KTM, an Austrian bicycle manufacturer.

Steyr's two-wheeler division has been badly affected by the decline in the European bicycle and moped industry and has been losing money for about a decade. Losses last year amounted to almost Sch 250m ($20m).

Maintaining the division has cost the group about Sch 3bn in the past 10 years, draining the financial resources. The division now employs about 650 in Graz, Southern Austria, and many of these jobs are likely to be lost even if a buyer is found.

The Steyr group has faced serious difficulties and mounting losses in the past few years. Its deficit reached a record Sch 618m in 1985 and is now expected to be higher than the Sch 700m predicted last summer.

● Voest-Alpine, Austria's state-owned steel and engineering group, is hoping to buy the remaining 51 per cent of Austria Mikrosysteme International (AMI), a microchips joint venture, from Gould of the US, a spokesman said.

Voest already holds 49 per cent of AMI, but the move was unexpected because the microchip company has been making heavy losses. A spokesman for Voest said yesterday that following large orders for the West German motor industry, AMI's prospects had brightened considerably and that it would start making profits later this year. Negotiations have now began with Gould but these could take several months, the spokesman said.

NORWAY'S LARGEST PUBLICLY-QUOTED COMPANY FACES DIFFICULT OUTLOOK

Norsk Hydro plunges to NKr 324m loss

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

NORSK HYDRO, Norway's biggest publicly-quoted company with operations in oil and gas, fertilisers, petrochemicals and light metals, plunged to an after-tax loss of NKr 324m ($47m) last year compared with a profit of NKr 2.2bn in 1985.

Hydro, the leading West European fertiliser producer, said it had been forced to make provisions of NKr 1.027bn to cover the costs of restructuring its lossmaking fertiliser operations as well as deep cuts in its oil and gas exploration activities on the Norwegian continental shelf.

The group is cutting its dividend by a quarter to NKr 4.50 per share from NKr 6.00 in 1985. It warned yesterday that the outlook for 1987 was also still difficult to evaluate.

In the fourth quarter of 1986, the group made a pre-tax loss of NKr 992m compared with a profit of NKr 1.23bn in the corresponding period a year earlier.

In the final quarter last year, the agriculture division, chiefly fertilisers, showed a loss of NKr 329m compared with a profit of NKr 332m a year earlier, while the petrochemicals operations showed an operating loss of NKr 81m.

For the full year, petrochemicals slumped to an operating loss of NKr 206m compared with an operating profit of NKr 121m before. The agriculture division showed an operating profit of NKr 11m in the full year compared with an operating profit of NKr 1.14bn in 1985.

Norsk Hydro has expanded rapidly in the European fertilisers market during the mid-1980s through the takeover of lossmaking operations, from Fisons in the UK, Veba in West Germany and Cofaz in France.

It is in the midst of an ambitious and costly restructuring and capital investment programme but was caught last year by a sharp drop in prices, under pressure from East European imports, and by a very low level of sales in the second half of the year.

> Norsk Hydro's drastic restructuring of its lossmaking fertiliser operations, as well as deep cuts in its oil and gas exploration activities on the Norwegian continental shelf, have led a dramatic turnround in the company's fortunes.

In particular, the Cofaz plants in France accumulated heavy losses during the second half of the year.

Hydro said yesterday that last year's weak results made it essential to speed up the fertilisers restructuring programme.

During 1986 decisions were made to close plants, or plants were actually closed in the UK, West Germany and France which will save around NKr 200m a year. Hydro said yesterday it was also to close a urea plant at Porsgrunn in Norway.

It is evaluating further plans for closures and job cuts, which would bring the total cost savings up to NKr 1bn a year "in the course of the next few years." The main cuts would come in France and Norway.

Hydro is engaged in a NKr 3bn ammonia plant in the Netherlands, and would enable the restructuring to be carried out "without significant changes in production capacity."

Overall last year Hydro made a pre-tax profit of NKr 607m, a fall of 90.4 per cent compared with the pre-tax profit of NKr 6.33bn achieved in 1985.

The 12 per cent devaluation of the Norwegian krone implemented by the Oslo Government last May cost the group NKr 400m.

Group turnover jumped to NKr 54.3 from NKr 47.4bn on a comparable basis, thanks chiefly to the major acquisitions of Cofaz and Ardal OG Sunndal Verk (ASV), the Norwegian aluminium producer.

In the oil and gas sector Hydro suffered a 44.5 per cent drop in operating profits to NKr 2.089bn under the heavy impact of falling oil prices, despite a drop in oil and gas production of only some 3 per cent.

Hydro said it was halving its Norwegian offshore exploration effort and had charged to its 1986 earnings with costs involved in the premature termination of long-term contracts for drilling platforms and service vessels.

Operating costs in oil and gas fields in production or under development had been cut substantially and manning was to be reduced by 300 in the oil and gas division outside the Oseberg field production organisation which is being built up in Bergen.

Hydro said the net income of the oil and gas operations would be hit by lower gas prices in 1987, and that the short-term outlook for fertilisers was still uncertain.

Lex, Page 18

Kaiser Steel files for protection under Chapter 11

BY ANATOLE KALETSKY IN NEW YORK

KAISER STEEL, the Colorado-based steel and coal mining concern which was taken private two years ago in a $380m leveraged buy-out, yesterday filed for protection under Chapter 11 of the US bankruptcy code.

The bankruptcy, which was widely expected, brings to an end one of the lengthiest and most acrimonious corporate dismemberments in US history.

Kaiser is believed to have debts, including unfunded pension liabilities, of nearly $700m and has made known its intention to dispose of all its remaining coal and steel properties to raise cash.

The main objective of the bankruptcy is probably to protect the company's valuable real estate holdings in Southern California.

Kaiser Steel was once the core of a great mining, basic metal, shipbuilding and automobile combine created during the Second World War by Henry Kaiser, one of the legendary figures of US industry.

After a takeover threat from Mr Irwin Jacobs, the corporate raider from Minneapolis, it was acquired by Mr Monty Rial, a little-known Arkansas investor, through a controversial series of leveraged buyouts which saddled the company with very high levels of debt and preferred stock obligations.

Last year, after the company missed several preferred dividends, Mr Rial was ousted in a boardroom battle by another investor, Mr Bruce Hendry, who had acquired control of the preferred votes.

Mr Hendry last month put up for sale the company's coal properties, believed to be its most valuable industrial assets, and said that he would also dispose of the two steel-fabricating plants if a buyer could be found.

This would leave Kaiser with a large tract of land in Fontana, California, which Mr Hendry has plans to develop into an industrial park.

● WHEELING-PITTSBURGH Steel, the big US steelmaker operating under Chapter 11 of the US bankruptcy code, plunged to a net loss of $213.8m, or $42.23 a share in the fourth quarter of 1986, due largely to a $21.2m charge for the shutdown of the company's rail mill at Monessen, Pennsylvania.

Also included in the loss is a $33.6m reserve for the intended rejection or modification of certain raw material supply contracts. The latest loss compares with a deficit of $94.1m or 18.80, in the fourth-quarter of 1985, which comes after a $49.9m provision for plant closures and a $21.4m tax provision.

For all of 1986, the company suffered a loss of $250.9m, or $50.75 a share, against a loss of $303.1m, or $60.87. Wheeling, which was hit by a three-month strike in 1985, last made an annual profit in 1981 and has lost a total of $746m in the five subsequent years.

Revenues last year were $934.5m, against a strike-reduced $681.1m in 1985. Shipments increased 6.3 per cent in the fourth quarter from third-quarter levels to 572,563 tons.

It expects first quarter production and shipping levels to be comparable to those experienced in the 1986 fourth quarter.

For the first quarter of 1986, shipments totalled 538,428 tons and production totalled 734,931 tons. Earnings in the first quarter of 1986 were $4.6m on sales of $219.6m.

Hoboken-Overpelt's profits fall by 61%

BY WILLIAL DAWKINS IN BRUSSELS

METALLURGIC Hoboken-Overpelt (MHO), the Antwerp-based refiner of non-ferrous metals which forms part of the Societé Générale de Belgium, reported a 61 per cent fall in taxable profits last year.

MHO, one of Europe's largest copper producers, was only last autumn predicting that profits for the 12 months to last September would be similar to the previous year.

However, a stronger-than-expected fall in base metal prices, a consequence of the dollar's sharp decline, coupled with a jump in interest charges and bad debt provisions sent pre-tax profits tumbling from Bfr 1.36bn ($36m) in 1985 to Bfr 566,000 last year. Turnover slipped from Bfr 60.34bn to Bfr 50.99bn

Operating profits were down slightly less steeply than the pre-tax result, from Bfr 1.65bn to Bfr 812,571. Finance charges were up by nearly 20 per cent to Bfr 663,916, while risk provisions climbed even more sharply by 55 per cent to Bfr 897,485.

The directors are recommending an unchanged dividend of Bfr 260 per ordinary share, the first time they have failed to increase the pay-out for four years. Despite the poor earnings performance, shareholders' funds ended the year up slightly at Bfr 11.55bn, while cash flow increased from Bfr 2.46bn to Bfr 2.73bn.

Upjohn reports strong advance in earnings

BY JAMES BUCHAN IN NEW YORK

UPJOHN, the US pharmaceutical company which is seeking federal approval for the introduction of a drug against baldness, yesterday reported strong advances in earnings last year, culminating in a 28 per cent jump to $64.3m or $1.03 cents a share in the fourth quarter.

Upjohn, which has other interests comprised of health care services and agricultural products, reported earnings for its centenary year up 24 per cent at $252.6m or $4.06 cents a share.

The earnings performance was flattered by a drop in the tax rate thanks to tax-sheltered manufacturing in Puerto Rico but was still far ahead of sales growth of 14 per cent over the year and quarter, to $2.28bn and $587.5m respectively. Upjohn said it had cut costs as a percentage of sales while holding the share of research and development spending steady.

With agricultural sales flat for the year and growth in services only modest, Upjohn relied on very strong gains in volume by Xanax and Halcion, two treatments for central nervous-system disorders, now grossing over $400m a year. Sales overseas rose 20 per cent during the year, with 17 per cent growth in health care products and services.

Mr R. T. Parfet, chairman and chief executive, said that the year had also seen record capital spending of $200m, primarily on plants to manufacture Rogaine, the drug to treat baldness which Upjohn is seeking to launch in the US

Upjohn's share price, which has doubled since the beginning of 1986 as Rogaine has caught Wall Street's fancy, rose another $3⅛ to $115 in early trading yesterday.

Dumez claims bid win

BY GEORGE GRAHAM IN PARIS

DUMEZ, the French construction group, last night claimed success in its bid to take over Westburne International, the Canadian energy services and building products group, after raising its offer by C$29m (US$21.6m). The new offer of C$22.50, C$2.50 more than the original bid, values Westburne at C$263m.

Dumez executives said that several large shareholders had indicated they would accept the new bid, which closes on March 5.

Occidental Petroleum declines

By William Hall in New York

OCCIDENTAL PETROLEUM, the Los Angeles-based oil company headed by 87-year-old Dr Armand Hammer, earned $20.1m, or 5 cents a share, on revenues of $4.2bn in the final quarter of 1986 and continued to fail to cover its 62.5 cents a share quarterly dividend.

The result compares with a profit of $52.7m, or 27 cents in 1985. For the full year, the group earned $181.1m, or 72 cents, compared with net income of $696m, or $4.49, in 1985. The results for both years included after-tax gains from asset sales and the adjustments of certain reserves of $222m in 1986 and $731m in 1985.

Occidental's sales rose by $800m to $15.3bn in 1986 reflecting the inclusion of MidCon and Diamond Shamrock Chemicals. For the full year, the group's oil and gas division had pre-interest earnings of $348.5m compared with $839.6m in 1985.

The 1986 earnings included net gains of $115.8m from the sale of various foreign and domestic oil and gas properties.

The group's chemical operations increased their pre-interest earnings by 45.5 per cent of $132.6m in 1986 and the group's agribusiness increased their 1986 earnings by $8.6m to $56.8m. The coal division earned $20.8m in 1986 compared with $3.2m in 1985.

The group's capital spending in 1986 fell by nearly 20 per cent to $980m and the company plans to spend $780m in the current year. At the end of 1986, Occidental had working capital of $340m compared with $500m at end 1985.

Colgate sees small rise in fourth quarter

By Our Financial Staff

COLGATE-PALMOLIVE, the big US detergents and toiletries group, yesterday reported a small rise in fourth-quarter net profits, but said successes with new products put it in a strong position for continued volume growth in 1987.

Net earnings in the final three months of 1986 were $29.9m or 43 cents a share, against $28.9m or 41 cents a year earlier. However, the 1985 figures exclude a $62.4m loss on a disposal.

For the year, net earnings on a continuing basis were up from $167.8m or $2.13 a share to $177.5m or $2.52. Sales rose from $4.5bn to $4.9bn.

Volume sales increased 6 per cent last year, the company's fourth consecutive year of unit volume growth.

Mr Ruben Mark, chairman, said: "Colgate enters 1987 with strong momentum as a result of its new product activities, cost reduction programmes and improving profit margins.

Reflecting the new product activity, the company said, media advertising spending increased 24 per cent to $334m last year.

BITTER BATTLE SURROUNDS SALE OF SHARES IN THE PHILIPPINES' LARGEST INDUSTRIAL COMPANY

Cocobank seeks to sell San Miguel stake

BY RICHARD GOURLAY IN MANILA

UNITED COCONUT Planters Bank (Cocobank), which is controlled by the Philippines Government, wants to sell about 18 per cent of the shares in San Miguel, the country's largest industrial company, in a new twist in the increasingly bitter battle for control.

Mr Ramon Sy, Cocobank's chairman, last month asked the government commission which is hunting wealth allegedly stolen by former President Ferdinand Marcos to allow the sale of 18.7 shares of San Miguel worth about $78m, that are securing non-performing loans.

The shares sequestered by the Presidential Commission on Good Government are pledged as security for loans to coconut milling companies associated with "cronies" of Mr Marcos. However, Mr Ramon Diaz, the PCGG commissioner, asked Cocobank on Wednesday to defer sale of the shares while it makes further investigations.

If the share sale goes through, control of the brewing, food and consumer goods group, which dominates the Philippine market, could pass from the hands of the Soriano family, which founded the company.

Bond corporation and Elders of Australia are among the foreign companies interested in buying into San Miguel, according to Mr Diaz. The company's shares have risen on Manila's stock markets from around $1 a year ago to over $4 today.

Last April the PCGG sequestered over half San Miguel's stock, worth over $250m at current prices, while it investigated whether "cronies" of Mr Marcos had any beneficial interest.

Mr Andres Soriano III, San Miguel's president, directly controls 1.5 per cent of the company's stock.

Last April, the PCGG blocked an attempt by the San Miguel management to buy 33.1m of the shares, or over 30 per cent of the company. Mr Diaz said he suspected Mr Soriano was trying to use company funds, to be raised by a proposed sale of the Hong Kong brewing subsidiary, to finance a deal that would have benefited the existing management at the expense of small shareholders.

The San Miguel holding company controlling the Hong Kong brewery borrowed $25m as a down payment for the package of 33.1m shares but later forfeited this sum when the deal fell through. It was to be repaid through the sale of the brewery.

In his letter to the PCGG, Mr Sy questioned the "legality and propriety" of the loan and its use, that "clearly prejudices the rights of the San Miguel shareholders." Mr Sy, a former Bank of America country head in the Philippines who was appointed to run the sequestered Cocobank by the PCGG, said his bank should take a seat on the San Miguel board to protect small shareholders' interests.

INTERNATIONAL COMPANIES and FINANCE

US health care group hit by charges

By Our Financial Staff

JOHNSON & JOHNSON, the large US health-care group, lifted net-operating profit more than 15 per cent to $709.5m, or $3.98 a share, for 1986, from $613.7m, or $3.36, previously. But extraordinary charges of $380m cut the total this time to $329.5m, or $1.98.

For the final quarter, income was up at $141.5m, or 82 cents, against $127.7m or 70 cents, previously, before an extraordinary charge of $45m this time. Sales for the three months were ahead to $1.74bn, from $1.66bn, taking the full-time total to $7bn, compared with $6.4bn.

The total one-time charge arose from the increased cost of fulfilling remaining orders from the group's diagnostic imaging businesses which were sold to General Electric last year.

Texas Air declines to $72m for year

BY WILLIAM HALL IN NEW YORK

TEXAS AIR Corporation, which is in the middle of digesting a spate of large bids which have made it the largest US air carrier, earned $21.7m, or 26 cents a share in its final quarter of 1986 compared with a net loss of $31.6m in the corresponding period of 1985.

The Houston-based group, headed by Mr Frank Lorenzo, has conducted a whirlwind expansion of its airline empire over the past 12 months, buying out the public minority in Continental Airlines and taking control of People Express, Frontier Airlines and Eastern Airlines, three of the biggest and more financially-troubled US carriers.

For the full year, Texas Air reported consolidated net income of $72.2 m, or $1.67 per share, on a fully diluted basis, compared with $91m, or $3.59, in 1985.

The group's 1986 results include Continental Airlines' 1986 net income of $17.9m, a gain in excess of $50m realised by its New York Air subsidiary on the sale of certain assets to PanAm, and a portion of the losses incurred by Eastern and People Express during 1986.

Texas Air's acquisition of Eastern and People Express were finalised during the fourth quarter of 1986. As a result, Texas Air's net income for the first nine months of 1986 has been restated to reflect a loss of $22.7m related to its ownership of Eastern and People Express. After the end of 1986, the operations of People Express and New York Air were consolidated with Continental.

Texas Air's biggest subsidiary, the Miami-based Eastern Airlines earned $6m in the final quarter of 1986, on revenues of $1.1bn, compared with a net loss of $67.4m in the same period of 1985. For the full year, Eastern reported a net loss of $130.8m on revenues of $4bn, compared with a net profit of $6.3m on revenues of $4.3bn in 1985.

Texas Air's other main subsidiary, Continental Airlines, which emerged from the bankruptcy courts last September, earned $23.3m in its final quarter – the highest quarterly profit in the company's history. In the same period of 1985, it lost $30.9m. The latest quarter included a $13.1m gain on the sale of DC10 aircraft, a $2.2m gain on termination of a pension plan and $4.3m in Chapter 11 reorganisation expenses.

For the full year, Continental said that it would have reported a profit before taxes and extraordinary credit of $103m without approximately $84m in reorganisation-related costs. Continental's revenues rose by 32 per cent to $565.6m in the final quarter of 1986 and for the full year rose by 18.1 per cent to $2bn.

NORTH AMERICAN QUARTERLIES

BALLY MANUFACTURING
Hotels, leisure

Fourth quarter	1986 $	1985 $
Revenue	369.5m	258.7m
Net profits	†10.1m	†4.6m
Net per share	†0.33	†0.17
Year		
Revenue	1.64bn	1.34bn
Net profits	23.7m	25.6m
Net per share	0.61	0.95

† Loss

MANVILLE
Industrial products*

Fourth quarter	1986 $	1985 $
Revenue	493.2m	474.6m
Net profits	4.7m	20.9m
Net per share	†0.05	0.61
Year		
Revenue	1.9bn	45.1m
Net profits	81.2m	†46.1m
Net per share	2.34	†2.02

† Loss * In Chapter 11

W. W. GRAINGER
Electric motor distributor

Fourth quarter	1986 $	1985 $
Revenue	285.4m	278.7m
Net profits	21.3m	19.4m
Net per share	0.73	0.67
Year		
Revenue	1.16bn	1.09bn
Op. net profits	74.8m	67.7m
Op. net per share	2.57	2.33

PACIFICORP
Utility holding company

Fourth quarter	1986 $	1985 $
Revenue	579.8m	529.4m
Net profits	81.5m	67.8m
Net per share	1.13	0.95
Year		
Revenue	2.1bn	1.9bn
Net profits	250.9m	245m
Net per share	3.45	3.39

HOUSEHOLD INTERNATIONAL
Financial services

Fourth quarter	1986 $	1985 $
Revenue	696.1m	595.2m
Net profits	51.7m	50.3m
Net per share	1.18	0.86

RAMADA
Hotels, gaming

Fourth quarter	1986 $	1985 $
Revenue	176.6m	138.8m
Net profits	1.6m	2.3m
Net per share	0.04	0.06

INTERNATIONAL COMPANIES and FINANCE

Khoo and Shearson offer NBB solution

By Steven B. Butler in Singapore

AN IMPORTANT step has been taken toward a possible resolution of the financial crisis that came in the wake of the seizure and closing of the National Bank of Brunei by the Brunei Government last November.

Tan Sri Khoo Teck Puat, the Malaysian-born businessman who owned some 70 per cent of the bank, yesterday announced that a proposal had been formulated with the assistance of Shearson Lehman Brothers that would seek a commercial resolution of the affair.

About 90 per cent of the NBB's approximately B$1bn (US$487.1m) of outstanding loans are to companies controlled by the Khoo family. Banks in Singapore have more than B$400m on loan to the NBB, but repayment of the loans has been frozen pending recovery of the bank's assets by the government-appointed controller of the bank.

Shearson Lehman officials met representatives of the Brunei government late last week in the Sultanate, where the proposals were presented to the Brunei authorities. The Brunei side, however, did not accept the proposals and are said to have complained that they were insufficiently concrete.

Hopeful

Shearson Lehman officials are hopeful the Brunei government will reconsider after an effort is made to obtain the support of bank creditors to the NBB. Shearson Lehman has called a meeting with bankers for late next week, and details of the plan are not expected to become available until at least that time.

Shearson Lehman, however, said yesterday that the proposals provided for full repayment of all financial obligations to the NBB, full repayment of all amounts owed by the NBB, and protection of the shareholders and creditors of the Khoo family companies.

The controller of the NBB has filed writs in Brunei, Singapore, Hong Kong, and Malaysia seeking immediate repayment of more than B$800m owed by the Khoo companies to the NBB, although lawyers representing Tan Sri Khoo have successfully delayed final court action on the writs.

The NBB is also seeking transfer of the ownership of the Australian Southern Pacific Hotel Corporation from Khoo-owned companies to the NBB.

In order for the plan to be successful, it is believed that the Brunei Government would have to co-operate by withdrawing both the writs against the Khoo companies and the application to transfer share registration of the SPHC.

Stunned

If the Brunei Government proceeds with the writs, however, a series of complicated and protracted legal actions across the world could be touched off as banks with direct loans to Tan Sri Khoo and his companies sought to protect their assets.

Tan Sri Khoo, through Shearson Lehman, yesterday issued an apology for the length of time that had passed without a resolution of the affair. Tan Sri Khoo is said to have been stunned by the rapid unfolding of events that resulted in the imprisonment of his son, NBB chairman, Mr Khoo Ban Hock, in Brunei under charges of fraud and conspiracy.

Mr Khoo Ban Hock was this week denied bail by the Brunei High Court. Lawyers for Mr Khoo had appealed for bail.

BHP roundabout speeds up again

Chris Sherwell on the renewed speculation boosting shares in Australia's biggest company

TO SPEAK to Mr Brian Loton, chief executive of Broken Hill Proprietary (BHP), little has changed at Australia's largest company since two of the country's best-known entrepreneurs compromised in their fight for control last year and accepted seats on the board.

"I don't see a discernible change, although everyone is looking," he says. Mr Robert Holmes à Court and Mr John Elliott are behaving "impeccably." The changes have not "gingered up" the board, he insists. The flavour remains the same.

Some outsiders are inclined to feel otherwise. Many also believe the relative stability brought by the duo is likely to be temporary.

That is one reason why renewed interest in BHP has emerged this week as a factor driving the Australian stock market to more record highs. As if the persistent demand for media stocks was not enough, for two days the market has been awash with speculation of a fresh BHP takeover bid.

Telephone callers flooded BHP's Melbourne headquarters on Wednesday with inquiries seeking to substantiate the rumours, and in some cases asking the time of an expected press conference at which an announcement was supposed to be made.

The company's official line is that it knows no more than anyone else. Unofficially it can only add more lines of speculation to those of the countless broking analysts who yesterday watched BHP's price rise further to top A$10 per share. Altogether some 6m shares have changed hands this week, compared to 90m in the year so far.

"I think it's rather cheap," said one analyst, "compared to the rest of the market. People are paying 50 times pre-tax earnings for television stations. This is a company with a p/e of 12 or 13 times. It's got smokestack industry, oil and mining resources, a terrific board and a couple of great shareholders."

Yet while BHP's price may be justifiable on an earnings basis and the company may be looking forward to earnings moving back above A$1bn (US$671m) in 1987, no analyst doubts that it is rumours about Mr Holmes à Court and Mr Elliott which have buoyed sentiment.

The most favoured theory argues that Mr Elliott has concluded that opportunities elsewhere—perhaps in the UK—offer more suitable long-term prospects for his Elders IXL group than an 18 per cent BHP stake.

This theory portrays Mr Holmes à Court as dedicated to achieving control of BHP, not least because there is no greater challenge in Australia for him or his Bell Group. The assumption is that he would acquire Mr Elliott's stake.

Predictably, other theories maintain the reverse, while still others offer extraordinary scenarios of new players buying Mr Elliott's shares and of calculated speculation in the options market.

As one broker pointed out yesterday, many investors are edgy about BHP because they are underweight in its shares and don't wish to miss out on an opportunity to acquire more.

But in an environment which seems to benefit only the speculators, it is clear that the terms of last September's compromise between BHP, Elders and Mr Holmes à Court's Bell Resources also assume considerable importance.

Everyone recognises that if Mr Elliott's stake were indeed to go to Mr Holmes à Court, he would gain effective control of the company. Yet control of BHP is not supposed to pass to either Bell or Elders without a full cash bid.

The more important long-term question about BHP, however, is whether fundamentally it is performing any differently as a result of last year's changes.

Mr Loton's view is that the company was being well-managed long before Mr Elliott or Mr Holmes à Court came on the scene. He maintains that most of the interesting things which have emerged recently were already well in train.

The turnround in the group's steel operations is an obvious case, and many believe this is Mr Loton's greatest achievement so far. But there isa lso a whole process of change under way now which is attracting wider investor attention to the BHP group.

The most significant example is the decision to float off the group's expanding Australian gold interests in a new company called BHP Gold. This will allow its gold mining activities to be better reflected in thet share market and, not less importantly, show that BHP is doing something for its shareholders.

Last week's A$670m sale of Blue Circle Southern Cement by BHP and Blue Circle Industries, its British partner, is another significant move, widely attributed to the presence of Mr Holmes à Court on the board.

This week BHP has agreed to sell its Saxonvale open-cut coal operation for an undisclosed price to Peko-Wallsend, the mining company. But on other mooted sell-offs Mr Loton's advice is "don't hold your breath."

Perhaps the most intriguing decision because of its potentially significant long-term implications is the board's action late last year, when it called in the international consultants McKinsey to examine several different management areas.

Together with senior BHP executives, the McKinsey team is looking at all the company's assets and subsidiaries, so more Blue Circles and Saxonvales seem likely.

It will also examine the organisation of BHP's minerals businesses, currently divided between a distinct minerals division and a Utah International division.

The results of this intensive study should be available to the board as soon as next month. But whether it will yield BHP's much vaunted "fourth-leg," to go with its steel, mining and petroleum activities, is unclear.

Mr Loton likens such talk to the search for the Golden Fleece. "There are no magic keys, just a lot of hard work," he says.

Toyota Motor first-half earnings fall by 37%

BY YOKO SHIBATA IN TOKYO

TOYOTA MOTOR, Japan's largest car manufacturer, yesterday reported pre-tax profits of Y180.58bn ($1.18bn) in the first half to December, a drop of 37.8 per cent.

The company is to pay an interim dividend of Y8 per share, maintaining the regular level. The Y9 paid last year included a Y1 special distribution to commemorate the production of Toyota's 50 millionth vehicle.

Net profits were 44.4 per cent lower at Y75.68bn, on turnover of Y3,025.37bn, down 4.6 per cent.

Toyota executives said the company hopes to secure full-year pre-tax profits of Y300bn, but it would be difficult to match the first-half outcome. As a result, Toyota is likely to report a setback in annual pre-tax profits for the second year running.

It is thought certain that Toyota will this year be dislodged by Nomura Securities as Japan's most profitable company. The car maker's poor performance was attributed in large part to the surge in the yen's value against the dollar.

During the half year, Toyota sold 1.78m cars, down 1.9 per cent from a year ago. Domestic sales rose 6.6 per cent to 878,194 units, as it introduced new models and stepped up efforts to take a 50 per cent domestic market share.

Sales of knockdown kits increased 34.5 per cent to 158,990 sets, largely reflecting its supply to Nummi, a US joint venture with General Motors.

For the full year, Toyota projects total sales of 3.62m units, split evenly between home and export markets. Sales by value are forecast at Y6,100bn, down 4 per cent. Toyota intends to slash its capital spending to Y300bn, a level some Y30bn lower than the initial projection, in an attempt to offset its business downturn.

Anglo-Alpha moves ahead

BY JIM JONES IN JOHANNESBURG

THE CONTINUED recession in South Africa's building and construction indsutries adversely affected sales last year at Anglo-Alpha, the cement producer controlled by Holderbank of Switzerland.

Nevertheless, turnover rose to R347m ($166m) from R321m and pre-tax profits increased to R57.7m from R44.7m.

The directors say that the crushed stone division's sales were particularly badly hit. The cement industry as a whole is operating with several plants mothballed and those plants which are producing have to carry the overheads of those which are closed.

The directors emphasise their expectations of continued slow growth by saying that the company's installed production capacity is ample to meet market demand for several years. Anglo-Alpha has about 35 per cent of the country's cement market and has operated a cartel with the country's two other producers.

Net earnings rose to 142.3 cents a share from 123.8 cents, and the dividend has been lifted to 60 cents from 52 cents.

FCSFB boosts earnings by 20%

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

FINANCIERE Credit Suisse First Boston, holding company for the leading Eurobond issuing house, lifted consolidated earnings by 20.4 per cent last year to a record SFr 225.8m, compared with SFr 187.6m in 1985. Securities trading and the underwriting of equity-related bond issues were primarily responsible for the increase.

In an interview on publication of the figures yesterday, Mr Jack Hennessy, president and chief executive of the holding company, dismissed speculation in the markets that Credit Suisse and First Boston might alter the unique cross-holding ownership structure of the group.

"There's no thought of changing the structure. From the beginning the concept has been to give roughly equal cross-ownerships between CSFB and First Boston. That structure is our strength, which our competitors would like to think is also our weakness," Mr Hennessy said.

During 1986, organisational changes had been made to improve the "interface" between the three groups, reflecting the growing inter-relation of global financial markets, he said. Resources in some areas, such as swaps and mergers and acquisitions, had been pooled to avoid competition between the partners.

The 1986 earnings increase was achieved on a 12.3 per cent rise in revenues from SFr 448.4m to SFr 503.8m. Mr Hennessy noted that the earnings gain was after the fall in the dollar, in which the majority of the company's business is transacted, against the Swiss franc.

At year-end exchange rates, earnings in dollar terms would have been about $135m against $93m in 1985, he said.

Issues lead

Consolidated equity rose to SFr 839.7m, from SFr 694.2m, and international securities issues lead managed by the group was up at $21.8bn from $20.4bn—a much slower rate of growth than in 1985 when they advanced from $13.2bn in 1984.

The company's consolidated balance sheet shows a rise in total assets to SFr 5.26bn at the end of last year from SFr 4.32bn in 1985, with a marked increase in cash held at banks to SFr 844.3m from SFr 253.1m and a fall in holdings of certificates of deposit to SFr 161.9m, compared with SFr 992.7m. Holdings of securities were ahead to SFr 2.16bn from SFr 1.42bn.

The change in composition reflected the company's management of liquidity at the end of the year, when it was "happier not being in risk instruments," Mr Hennessy said. Since then, money had been moved out of cash and back into CDs and other securities.

Earnings for the individual components of the group, which includes several entities operating in different markets under the CSFB name as well as Clariden Bank, are not broken down.

Mr Hennessy said, however: "The contribution of trading of securities and new forms of securities such as options and foreign exchange options has become very important to us." This was despite difficult conditions in some of the sectors in which CSFB is prominent, including floating rate notes. Although he declined to be specific about profitability in individual sectors at particular times of the year, every area was profitable for the year as a whole, Mr Hennessy said.

He acknowledged that "there were quarters when parts of the business were unprofitable . . . You really cannot expect to make a profit every month with the volatility in these markets and the size of volume that you're obliged to carry out. You are going to have some months in which you lose money."

The overall trading turnover of the group exceeded $3bn per day, and the turnover of its sales team rose 80 per cent. CSFB Securities, which trades fixed rate and convertible Eurobonds, increased its turnover and profits by more than 60 per cent.

On the primary issuing side, equity-related deals were the most significant contributor to profits. "Every other area on the underwriting business was generally profitable but the margins are almost non-existent in straight bonds and floating rate notes but often there are swaps attached to them which are profitable."

Profitable

In the UK Government bond market, where CSFB (Gilts) was one of 27 primary dealers appointed last October, Mr Hennessy said CSFB had built a 3 to 4 per cent market share in gilts and 5 to 6 per cent in gilt futures, and that so far in 1987 the business had been "quits profitable."

CSFB had concentrated on combining a strong, newly-recruited research team with traders who had experience of the Eurobond or US Government securities markets which had large volume and low margins. "We didn't feel we had to come in and make a huge splash, so we didn't have to go out and buy some of the main players and pay golden hellos."

Merrill sells stake in SHK Securities

BY DAVID DODWELL IN HONG KONG

MERRILL LYNCH of the US has sold its 25 per cent stake in Sun Hung Kai Securities, the Hong Kong financial services group, for an undisclosed sum.

The sale ends a five-year relationship that both parties insist has been friendly and fruitful, but which has involved a substantial capital loss for Merrill Lynch. Recently it has also hampered each company's expansion plans in the other's home territory.

Neither company was willing to disclose yesterday who had bought Merrill Lynch's stake—except to say it had been placed with "an investor group in the Hong Kong market."

It was later learned that the principal parties in the investor group are Mr Li Kashing, who heads Cheung Kong, the property group; Mr Kwok Takseng, head of Sun Hung Kai Properties; Mr Lee Shaukee, head of Henderson Development; and Mr Cheng Yutong, chairman of New World Development.

The investors are understood to have paid a premium over the present market price of HK$2.50 for Sun Hung Kai shares, at which level Merrill would earn a windfall gain of at least HK$350m (US$44.9m).

Merrill Lynch originally paid $5.15 a share for the stake in May 1982. After the collapse of the local stock market later that year—when Sun Hung Kai shares reached a low of HK$1.60—the US group made a substantial, but undisclosed provision, against its investment in Sun Hung Kai.

Merrill Lynch's two representatives on the Sun Hung Kai board are to resign, but none of the new investors is expected to replace them. Mr Bill Arthur, who was seconded from Merrill Lynch to Sun Hung Kai shortly after the original purchase, is expected to remain a director.

Mr Michael Dobbs-Higginson, who heads Merrill's operations in Asia, said yesterday: "Both parties wish to take a fairly aggressive development approach to the future of our businesses in the region, and constantly having to refer to each other has made that a little difficult."

More specifically, as part of its original investment agreement, Merrill Lynch had agreed not to join the Hong Kong Stock Exchange. Having divested its stake, it is now free to do so, and has signalled that it is considering applying.

Executives in Sun Hung Kai, in turn, have privately admitted that expansion plans in the US have been frustrated by the equity link with Merrill.

For Mr Tony Fung, who became head of Sun Hung Kai after the sudden death of his father, Mr Fung King-Hey, 15 months ago, the deal ends a two-year process by which the company has been put firmly back in family hands after a period of some years in which its future came into doubt on several occasions.

The group's banking operations have been sold, as was a large shareholding in HK-TVB, Hong Kong's main television broadcasting group, in the fight to ensure survival.

From a point where more than 50 per cent of the company's shares were in outside hands—25 per cent with Paribas of France as well as the Merrill Lynch stake—and where management control was effectively wielded by Merrill, the family again has majority control. The Paribas holding was repurchased by Mr Fung King-Hey just under two years ago at a cost of HK$328m.

Chicago moves on stock index contracts

By Roderick Oram in New York

TWO CHICAGO exchanges are to modify stock index futures and options trading in an attempt to dampen stock market volatility which some people have blamed, in part, on use of these instruments.

The Chicago Mercantile Exchange (CME) has asked for regulatory approval for a 12-point maximum daily price change on its Standard & Poor's 500 stock index futures contract. The Chicago Board Options Exchange (CBOE) has voted to move the expiration of its S&P 500 stock index option contract to the opening of trading on quarterly expiration days rather than the close.

Both exchanges expressed scepticism about the value of changes and acknowledged they were making them following criticism of the volatility by some regulators, legislators and customers.

Wide swings in the prices of index futures were a factor in a 114-point drop in the Dow Jones Industrial Average during one hour on January 23. Once futures prices fell 10 points, their market became extremely illiquid. Although 12-point limit would not have been hit that day, the floor should have improved the liquidity, the CME said.

The limit, which represents roughly a 4.5 per cent change in stock prices, would have halted futures trading last September 11 when the Dow closed down 86 points.

Following approval, the limit will be used for a 12-month trial period but will not apply on the last two trading days of a futures contract or the day after two consecutive sessions involving 12-point movements.

The CBOE's new expiry time on its options contracts brings it into line with the CME's recent expiration change on index futures.

The New York Exchange has experienced huge surges in trading volume and swings in prices on Triple Witching Days, the one Friday each quarter when stock index futures and index options and individual stock options expire simultaneously at the close of trading.

The change in timing, which should give the stock market more chance to absorb the expiration pressures, will probably come into effect on Friday, June 19.

Lazard banking partners put two men in UK

By David Lascelles, Banking Editor

THE LAZARD investment banking partnership is to strengthen its international co-operation by posting two members of the US arm of the group in London. They will co-ordinate work between Lazard Freres & Co in New York, and Lazard Brothers in London and Lazard Freres in Paris.

Sir John Nott, chairman of Lazard Brothers, said yesterday that the move was "further evidence of the successful co-operation between the three Lazard houses." It would also improve Lazards' ability to do cross-border transactions, he said—an area which Lazards believes to be its particular strength.

The two representatives of the New York firm are Mr Robert Agostinelli, who has just joined Lazards from Goldman Sachs' London office, and Mr Kim Taipale, who has been with Lazards in New York for four years.

Since the restructuring of the group in 1984, each Lazard house has an interest in the two others through Lazard Partners, a company which is half owned by Pearson, the diversified group whose interests include the Financial Times.

The Lazard houses claim that this unique arrangement enables them to set up international deals by drawing on the strength of each house in its local market.

Dresdner to buy seat on Liffe

By Haig Simonian in Frankfurt

DRESDNER BANK, West Germany's second largest bank, has reached agreement to buy a seat on the London International Financial Futures Exchange (Liffe).

The bank hopes to start trading by May, as it says both the personnel and organisation it requires are already in place at its London branch.

The decision reflects "the growing importance of Liffe contracts" both for itself and its customers, according the bank. Dresdner has already co-operated with Liffe over the development of the exchange's dollar/D-Mark futures and options in 1985.

Dresdner declined to say how much it had paid for its seat.

Eurodollar sector prices drift lower in thin trading

BY CLARE PEARSON

THE EURODOLLAR bond market traded thinly yesterday, with prices drifting down by about ¼ percentage point, and shrugged off the slight gains in US Treasury bond prices during the afternoon.

Two new Eurodollar deals emerged. The first was a $100m 10-year issue for Corporate Property Investors (CPI), a US property company, which was led by Morgan Guaranty.

Longer dated issues are generally out of fashion with investors, and CPI's name is little known in the Eurobond market. Nevertheless, the issue's attractive yield, combined with its AA minus rating by Standard & Poor's provoked some solid demand.

The 8⅞ per cent issue was priced at 101⅛ to give a yield margin over US Treasury bonds, net of the fees, of 134 basis points at launch. At this level, investors would have been able to swap it into a floating rate instrument, but dealers said it was attracting interest as a fixed rate bond too. It was quoted at 100⅜ bid, well within 2 per cent fees.

The issue looked fairly priced since, with a 100⅜ issue price, its yield was about 15 basis points higher than those of comparable sovereign-backed names in the secondary market. But dealers said SDR's name was not well-known in the market, which was in any case weighed down with recent tightly-priced paper.

Hambros Bank launched a NZ$50m issue for triple-A rated Toronto Dominion Bank, the first in the New Zealand dollar market for about a month. The three-year deal carries an 18 per cent coupon and 101⅜ issue price.

Seven-year Euroyen bonds were in most demand yesterday, but Nomura International led a five-year deal for Banca Nazionale del Lavoro. The Y20bn 5⅛ per cent bond was priced at 104⅛.

Citicorp Investment Bank meanwhile led a two-year $100m issue for Philip Morris that

INTERNATIONAL BONDS

came equipped with currency warrants based on the sterling D-Mark exchange rate. The warrants were designed to appeal to investors expecting an appreciation in sterling.

The issue pays interest at 6⅞ per cent and is priced at 106⅛. Each $5,000 bond has several warrants attached entitling the investor to buy £500 nominal against D-Marks at an exchange rate of DM 2.76.

The two-year bond was attracting some interest yesterday, but the warrants were moving slowly. The lead-manager said they would mostly appeal to retail investors. The package was quoted at 104.90 bid, against 1½ per cent fees.

Banque Paribas Capital Markets led an Ecu 90m eight-year 7¾ per cent issue for Societes de Developpement Regional, its first Eurobond for four years and guaranteed by France.

Euro-D-Mark bond prices fell during the morning by up to ⅜ point as the domestic bond market weakened, but some buying interest emerged during the afternoon. Two deals aimed primarily at West German investors emerged.

Deutsche Bank led a DM 75m seven-year 6⅛ per cent bond for Wacker Chemicals Finance, a finance vehicle for Wacker-Chemie, the West German chemicals company. The par-priced issue was quoted well within the 2⅛ per cent fees.

DG Bank led a DM 60m seven-year bond with equity warrants for Agab, the holding company for several West German industrial companies. Each 3⅛ per cent bond, priced at par, carries two warrants to buy a total of 31 Agab shares at DM 173.

In Switzerland, price changes were narrowly mixed in reasonably high volume. Dealers said some investors may be awaiting the outcome of the pricing of the Federal Government 4⅜ per cent 25-year issue, scheduled for today.

Swiss Bank Corporation led a SFr 200m, 10-year 4⅜ per cent bond for Chevron Corporation, which is rated AA minus by Standard & Poor's. The deal, priced at 100⅛, was thought tightly priced.

Banque Paribas (Suisse) led a two-tranche SFr 80m bond for Cofiroute-Paris, the motorway company. Both tranches were priced at 100¼. The SFr 30m five-year bond carries a 4½ per cent coupon and the SFr 50m six-year bond a 4⅝ per cent coupon. Both may be called after three years.

Milan trading extension blocked

BY ALAN FRIEDMAN IN MILAN

THE CONSOB, Italy's stock market regulatory agency, has decided to suspend a decision taken by the 120 registered stockbrokers of Milan to lengthen the trading day.

Earlier this week the brokers decided on the move, which would lengthen share trading from its close at 1.45 to nearly 5 pm. The stockbrokers took the decision as a response to the recent introduction of round-the-clock computerised share trading by Banca Nazionale del Lavoro (BNL), the biggest Italian bank, and by Sige, the Italian investment bank.

Mr Ettore Fumagalli, chairman of the stockbrokers' executive committee, has been furious at the start of trading by the banks, which could threaten the commission income enjoyed by the brokers. The big Italian banks account for much of the trading volume anyway.

Mr Franco Piga, chairman of the Consob, has ordered Mr Fumagalli and other members of the executive committee to meet him next Tuesday to discuss the matter.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 12

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Express 7⅝ 93	200	*98⅞	98⅞	0	0	7.94
A/S Eksportfinans 7⅝ 93	100	99⅜	99⅞	0	−0⅛	7.69
Australia Com. 11 95	200	115¾	116⅜	−0⅛	−0⅜	8.24
Australia Com. 11¼ 00	100	115⅞	116⅜	0	−0⅜	9.10
BP Capital 9⅛ 94	200	105¾	106¼	0	−1	7.98
British Telecom 7⅞ 96	250	97½	98⅛	0	−0¼	7.96
Campbell Soup 10½ 95	100	113¼	113¾	0	−0¼	8.23
Canada 9 96	1000	107⅞	108⅛	0	−0¼	7.75
Canadian Pac. 10¼ 93	100	108¾	109⅜	−0⅛	−0½	8.82
CCCE 7⅛ 91	113	99⅛	99½	0	−0⅜	7.31
CNCA 7⅛ 91	150	99⅜	99¾	0	−0⅜	7.37
Citicorp 8¼ 93	200	97⅞	98¾	0	−0¼	8.62
Credit Lyonnais 9 91	200	105	105½	0	−0¼	7.44
Credit National 9⅛ 93	150	106⅜	106¾	0	0	7.73
Credit National 7¼ 91	150	99⅝	99⅞	0	−0⅜	7.34
Denmark Kingdom 7⅛ 92	500	97⅞	98⅜	0	−0⅛	7.58
Denmark Kingdom 8¼ 91	300	102⅞	102⅞	0	−0⅛	7.51
EEC 7 91	100	99	99⅜	0	−0½	7.21
EEC 8¼ 96	100	103⅛	103⅝	0	−0½	7.72
EEC 8⅝ 91	150	105⅛	105⅜	−0⅛	−0⅜	7.04
EIB 7⅝ 93 B	100	99⅞	100¼	−0⅛	−0½	7.64
EIB 7⅝ 93 A	100	100	100½	0	−0⅜	7.57
Eurofima 7⅞ 91	100	101⅛	101⅞	−0⅛	−0⅝	7.29
Finland 7⅞ 97	100	99¾	100¼	0	−0⅜	7.87
Finland 7½ 93	200	99⅛	99⅝	0	−0⅜	7.61
Ford Motor Cred. 10½ 91	150	110⅜	110¾	0	−0⅜	7.75
Ford Motor Cred. 11⅜ 90	100	110⅛	110⅞	−0¼	−0⅛	7.32
Gen. Elec. Cred. 10¼ 00	200	106⅜	106⅞	−0⅛	0	9.35
GMAC 10¼ 89	200	106⅞	107⅜	0	−0⅛	6.78
GMAC 8½ 93	200	103⅝	104⅛	0	−0¼	7.49
IADB 9⅞ 95	200	112¼	112¾	0	−0¼	7.86
Liberty Mutual 8½ 96	150	102⅜	102⅞	−0⅛	−0⅛	8.08
LTCB of Japan 8 91	100	102¼	102⅝	0	−0⅛	7.34
Merrill Lynch 8¾ 91	100	103½	104	−0⅛	−0¼	7.80
Mercds.-Benz Cred. 7½ 93	100	100⅝	101⅛	0	−0⅛	7.31
Mitsubishi Fin. 7⅞ 93	100	99¾	100¼	0	−0¼	7.87
Mutual America 7⅞ 92	100	99⅞	100⅜	0	−0¼	7.59
Norway Kingdom 7¼ 91	500	100	100½	0	−0⅛	7.17
Pepsico Inc. 7⅞ 93	200	98¼	98¾	0	−0¼	7.68
Qantas Airways 10⅞ 95	140	112⅝	113⅛	−0⅛	−0½	8.18
Queensland Govt. 10¼ 95	100	111	111½	−0⅛	−0⅝	9.26
Ralston Purina 11⅜ 95	150	†115⅛	115⅞	0	−0⅜	8.97
Saab Scania 9½ 91	125	105¼	105¾	0	−0⅝	7.85
Saskatchewan 10⅜ 92	100	112⅜	112⅞	−0⅛	−0½	7.64
State Bk. S. Aust. 9¼ 93	100	105¾	106⅜	−0⅛	−0⅜	7.95
Statoil 10 90	170	107¾	108¼	0	−0¼	7.30
Swed. Exp. Cred. 7¼ 91	100	99¼	99⅝	0	−0½	7.40
Swed. Exp. Cred. 10 92	100	110¼	110¾	0	−0½	7.51
Sweden 8¾ 96	200	105¼	105¾	0	−0⅝	7.86
Sweden 10¼ 92	250	112⅛	112⅝	0	−0⅝	7.52
Sweden Kingdom 10⅞ 90	200	110⅞	111⅜	0	0	6.92
Sweden Kingdom 7 91	250	98⅝	99⅛	0	−0½	7.28
Taiyo Finance 7¾ 94	100	98⅝	99⅛	0	−0⅜	7.96
Toyota Motor Cred. 8 89	300	102¾	102¾	0	−0⅜	6.79
Toyota Mtr. Cred. 7⅛ 92	150	101¼	101⅞	0	−0¼	6.73
Victorian Rep. 11⅝ 92	150	115⅛	115⅝	0	−0½	7.90
World Bank 8½ 16	150	†100	100½	0	−0⅜	8.47
World Bank 7 92	300	99⅜	99¾	0	−0⅜	7.12
Yasuda Trust Fin. 8½ 93	100	103	103½	0	−0¼	7.82

Average price change on day 0 on week −0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	110¾	111¼	+0⅛	—	6.21
Austrian Elec. Co. 6½ 95	150	101¼	102	0	+0⅛	6.24
BMW 5¼ 96	200	92⅛	92⅞	−0¼	−0⅜	6.34
Daimler Benz Int. 5¾ 01	500	91⅞	92⅝	+0⅛	−0⅜	6.60
Dow Chemical 5⅞ 96	300	93⅞	94½	−0¼	−0½	6.49
Dow Chemical 6¾ 95	300	102½	103¼	0	−0¼	6.30
EIB 5½ 98	150	93⅜	94⅛	−0⅜	−0¼	6.29
EIB 6⅛ 96	300	99⅝	100¼	−0⅛	−0¼	6.32
EIB 6⅞ 95	300	103⅝	104⅛	−0¼	−0⅝	6.26
EIB 6 97	300	†99⅞	100⅝	+0⅜	−0¼	6.02
Emhart Corpn. 6¾ 95	175	101⅞	102⅛	−0⅜	−0½	6.47
Eurofima 6¼ 96	100	100½	101	+0¼	−0¼	6.14
Ex.-Im. Bk. Korea 7⅛ 90	100	103⅞	104⅜	0	−0⅜	6.18
Finland Republic 7 92	200	104⅛	104⅞	−0⅞	−0⅞	5.92
Hoesch Intl. Fin. 7 95	100	102⅞	103⅛	−0⅝	−0⅝	6.58
Hydro Quebec 5½ 96	125	94⅞	95¼	−0⅜	−0⅝	6.22
Hydro Quebec 6 16	150	85⅛	86	−0¼	−1¼	7.19
IBJ 5⅞ 96	200	95¾	96½	+0⅛	+0⅛	6.22
Ireland 8⅛ 92	150	108⅛	108⅞	+0¼	+0⅛	6.17
I/S Elsam 6¾ 93	125	†101	101¾	+0¼	0	6.51
Korea Dev. Bank 6⅝ 93	100	100	101	−0¼	0	6.52
Mitsubishi M. 3⅛ 89 WW	100	†105½	106½	0	+0⅛	0.98
Mitsubishi M. 3⅛ 89 XW	100	94⅞	95½	−0¼	−0¼	5.00
Renfe 7⅛ 95	100	106¼	107	+0½	−0¼	6.67
Soc. Cent. Nuclear 7¼ 95	150	101⅞	102⅝	+0⅛	−0⅛	6.88
Soc. Cent. Nuclear 8 91	300	105⅝	106⅛	−0⅞	−3¼	6.44
Steweag 5½ 96	100	92⅞	93⅝	0	−0⅜	6.49
World Bank 7 95	600	103⅞	104⅜	−0¼	−1¼	6.33
Yorkshire Intl. 6¼ 01	200	†91¼	92¼	+0½	−0¼	7.15

Average price change on day −0⅛ on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅝ 96	100	†105	106	+2⅞	+2⅞	4.88
Amer. Corp. 5¼ 01	200	†91¼	92	0	0	6.12
Baker Int. 4⅛ 96	200	†90	90¼	+0½	+1	5.50
Carlsberg 5 96	80	*†102¼	103	0	−0¼	4.61
Chujitsuya 5¼ 94	50	†103	103¼	−0½	+1	4.86
Deutsche Bk. Fin. 5⅛ 95	100	†106½	107¼	−0½	−0¼	4.33
Gen. Occidentale 4½ 94	80	†152	152½	+0⅛	+6	−2.68
Glendale F. S. & L. 5½ 95	100	†103	103¼	+0½	+0¼	5.04
Humana 5⅛ 98	120	†97½	97¾	0	−0½	5.42
Industrial Credit 5¾ 96	75	†100½	100¾	−0⅝	+1¼	5.66
Japan Dev. Bk. 5⅛ 97	100	†104¼	104½	0	0	4.59
Oberos. Kftwk. 5⅜ 95	100	†103½	104	−0⅛	+0⅛	4.90
Olivetti Intl. 5½ 95	100	†105½	105¾	0	+1	4.68
Pepsico 5¼ 95	130	†104¾	105	+0¼	−0⅛	4.51
Prov. of Manitoba 4¾ 94	200	†101¾	102	0	+0¼	4.46
Ralston Purina 5⅞ 94	125	†104	104¼	+0⅝	+0¼	4.72
Settsu Euro. 0 01	100	†46	46¼	−0½	−1	5.65
Tohoku Elec. Pwr. 4⅞ 96	150	†100	100¼	+0¼	+0¼	4.86
USX Corpn. 5¼ 98	100	*†95½	95¾	0	+1½	6.29
World Bank 5¾ 94	150	†106¼	106½	+0½	+0¼	4.75

Average price change on day +0⅛ on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Expr. OS Cr. 5⅞ 91	20	103⅛	103⅞	−0⅛	0	4.88
Denmark 6⅛ 96	10	107	107½	+0⅛	+0¼	5.35
Denmark, Kingdom 5⅛ 92	130	100⅞	101¼	+0⅛	+0¼	4.86
GMAC 5⅞ 91	60	102¼	102½	+0⅛	+0¼	4.81
EIB 6⅛ 96	25	105½	106	0	−0⅛	5.31
Sweden, Kingdom 5⅝ 95	20	102⅞	103⅛	+0¼	+0¼	5.16

Average price change on day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AB Electrolux 14½ 90 A$	50	99⅛	100⅛	+0⅛	+0⅛	14.33
Amatil Fin. 14¼ 90 A$	40	98⅞	99⅞	−0⅛	0	14.92
Amro Bank 14¼ 90 A$	60	99½	100½	−0¼	−0⅛	14.22
BHP Fin. 14¼ 92 A$	75	99⅛	99⅞	0	0	14.43
Colgate-Palm. 14¼ 91 A$	75	99¼	100	0	0	14.33
GMAC 12⅞ 89 A$	40	96⅛	97⅛	0	+0¼	14.64
Landsbk. Rhein. 13 89 A$	30	97⅞	98⅞	0	+0⅛	14.13
McDonald Syst. 14½ 94 A$	50	100¾	101¾	+0¼	+0⅛	14.19
Canadian Pac. 10⅞ 90 C$	75	†106⅞	107⅞	−0⅛	−0⅞	8.01
Chrysler Corpn. 10 91 C$	75	†101¼	101¾	−0¼	+0¼	8.79
Genstar Fin. 11¼ 95 C$	75	†108¼	108¾	−0⅛	+0⅛	10.17
GMAC 9¼ 92 C$	75	100⅞	101⅜	−0¼	−0⅝	8.95
Royal Trustco 10⅞ 90 C$	75	104⅛	104⅞	−0¼	−1	8.87
Sears Acc. 10⅝ 92 C$	75	†105	105½	−0¼	−0½	9.36
Coca-Cola F. C. 17 90 N$	75	†99¼	100¼	−0½	−1¼	16.97
Denmark 17½ 89 N$	50	†102¾	103¼	0	+0¼	15.64
Unilever Cap. 17½ 89 N$	50	†99¾	100¾	+0½	−0¼	17.21
Copenhagen City 9 95 Ecu	40	†101⅝	102⅛	−3⅝	+0⅜	8.68
EIB 7⅜ 91 Ecu	100	*†99½	99½	0	0	7.49
EIB 8⅝ 93 Ecu	100	†105¼	105¾	+0⅛	+0⅝	7.46
Walt Disney 8¾ 94 Ecu	62	†103¾	104¼	0	+0¼	7.98
Honda Mtr. WW 3⅞ 90 Fl	100	109¾	110⅛	0	+0¼	0.69
Honda Mtr. XW 3⅞ 90 Fl	100	93⅛	93⅝	0	+0⅜	6.29
Thyssen 7¼ 90 Fl	50	103⅛	103⅝	0	+0¼	6.15
Wereldhave 7½ 90 Fl	75	104⅛	104⅝	0	0	6.05
Wessanen 6¾ 90 Fl	50	101⅝	102⅛	0	0	6.14
Australia Com. 11 92 £	40	†101¼	101¾	0	−1⅛	10.59
Imp. Chem. Inds. 10 03 £	100	92⅞	93¼	−0⅛	−0¼	10.93
Imp. Chm. Inds. 10¾ 92 £	75	101¾	102¼	−0⅛	−0¼	10.23
Invst. in Inds. Int. 10 93 £	60	96⅜	96⅞	+0½	−0¼	10.76
Leeds Bldg. Soc. 10½ 91 £	50	†98⅛	98⅝	+0¼	−0⅛	10.99
McDonalds 10⅞ 90 £	40	†102⅞	103⅜	0	+0¼	9.66
Nationwide BS 10⅛ 93 £	75	†96	96½	0	−0⅞	10.98
NSW Treasury 10⅝ 92 £	50	99¼	100⅜	+0⅛	−0½	10.61
Royal Insce. 10¾ 92 £	60	101¼	101⅞	−0⅛	−0¼	10.38
J. Sainsbury 10⅞ 93 £	60	†99¼	99¾	−0¼	−1¼	10.98
Trusthouse Forte 11⅛ 90 £	50	101⅜	101⅞	−0⅜	−1⅛	10.46
World Bank 11¼ 95 £	100	103⅝	104⅛	−0⅛	−0¼	10.50
CoE 8¼ 95 LFr	600	*†105¼	105¼	0	0	8.00
EIB 8⅝ 93 LFr	1000	*†104	104	0	0	7.76

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	0.0312	99.83	99.93	11/6	6.14
Alliance & Leic. Bldg. 94 £	0.06	99.34	99.39	20/1	10.88
Barclays Bank Perp. 1	0¼§	96.44	96.64	2/1	7.06
Barclays Bank Perp. 2	0¼§	94.15	94.40	17/2	8¼
Belgium, Kingdom of 91	0	100.32	100.42	19/2	8.06
Britannia 5 93 £	0⅛	99.68	99.73	8/1	10.19
Chase Manhattan Corpn. 91	0⅛	99.38	99.48	20/2	6.12
Citicorp 98	0¼	99.05	99.15	28/11	7.19
Credit Lyonnais 5 00	0⅛	100.31	100.41	12/1	6.81
EEC 3 92 DM	0	100.14	100.23	12/1	4.44
EEC 5¼ 93 Ecu	0.0312	99.95	100.05	20/1	7.66
Halifax Bldg. Soc. £ 94	0.1	99.42	99.57	6/2	10.54
Lloyds Bank Perp.	0¼	96.28	96.46	9/2	7½
Midland Bank 01 £	0.1	99.23	99.34	9/2	10.60
Milk Mrktg. Board 5 93 £	0⅛	99.91	99.98	29/12	10.68
NatWest Perp. A	0¼§	†95.90	96.15	9/1	6.94
NatWest Perp. B	0¼§	†96.10	96.35	10/2	8¼
New Zealand 5 97 £	0.07	99.75	99.85	14/3	10¼
New Zealand 5 01	0	99.85	99.95	4/2	8.13
Prudential Corpn. 4 95 £	0.1	99.34	99.44	5/12	9.85
Shearson Lehman Hldgs. 91	0⅛	99.44	99.53	6/2	6¼
United Kingdom 5 92	0	100.02	100.09	7/1	7.19
Woodside Financial 5¼ 97	0	99.58	99.68	28/1	6.81
Woolwich 5 95 £	0⅛	99.64	99.69	19/11	10½

Average price change on day −0.01 on week −0.38

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5 92 DM	12/83	472	†119½	120½	−0½	7.30
Minolta Camera 2¼ 94 DM	2/86	1165	93	94	−0¼	72.64
Ajinomoto 3 99	4/84	984	†349	351	+22	6.40
Chiba Bank 2⅛ 02	3/87	830	154½	156	+0¼	1.29
Fanuc 3¾ 98	2/84	3564	†225½	227½	−4½	−0.68
Fuji Bank 2¾ 00	10/85	1623	253	255	−0½	−6.47
Fuji Heavy Industries 3 00	8/85	676	†106	107	−0½	−3.39
Fujitsu 3 99	5/84	1109	127	128¼	−1	−0.09
Mitsubishi Bank 2⅞ 00	8/85	1715	238½	240½	−3½	−1.14
Mitsubishi Trust 2½ 01	5/86	1600	258⅝	260⅝	−1⅞	−8.86
Mitsui Bank 2⅝ 01	4/86	2019	193½	195½	+3⅛	0.76
Mitsui Trust 2⅞ 01	10/86	1990	140	141½	+0¼	3.44
Murata 3½ 00	7/84	1998	179	181	−3½	−4.03
Nippon Elec. 2⅞ 00	1/85	1295	253	255	−1⅞	233.03
Nippon Oil Co. 3 00	5/85	923	212¼	214¼	−1¼	−5.51
OKI Elec. Ind. 3½ 99	10/84	805	124¼	125¾	−1⅞	−1.25
Sanwa Bank 2¾ 00	10/85	1442	258½	260½	+3¼	2.78
Sumitomo Bank 2¾ 00	8/85	2142	254⅝	256⅝	+3⅝	6.19
Toshiba Ceramics 3 00	4/85	1734	121	122	−0¼	7.73
Nippon Oil Co. 2⅛ 92 SFr	3/84	1001	*†127	127	0	−5.73
Yokohama Bank of 2⅜ 01	10/86	1045	145¼	146¼	0	−0.71

* No information available—previous day's price.

† Only one market maker supplied a price.

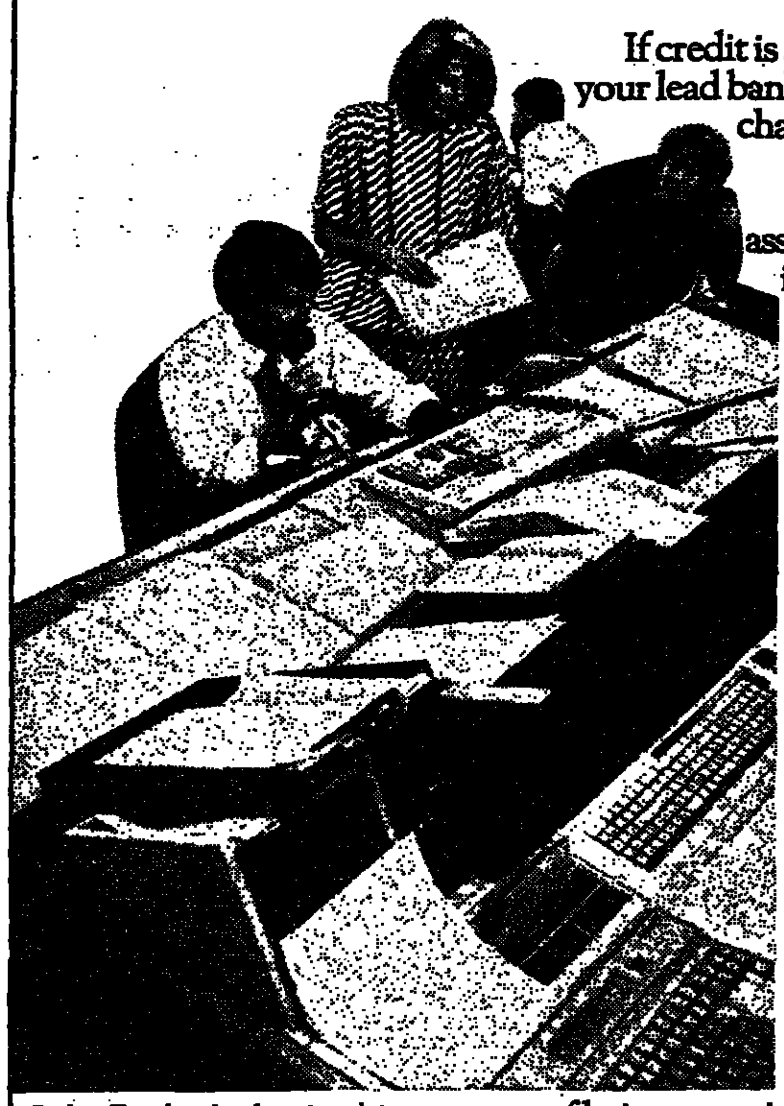
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week*=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Do your lead banks also lead the way in Euro-commercial paper?

Bankers Trust does.



Bankers Trust has played a major role in many Euronote and Euro-commercial paper programs established for high quality corporate and sovereign issuers, such as Unilever, the Kingdom of Sweden, Oesterreichische Kontrollbank and Credit National.

If credit is about all you can expect from your lead banks, perhaps it's time to consider changing one of them.

To Bankers Trust.

With over $56 billion in assets, we can and do supply credit in all its many forms.

But through our potent combination of investment banking skills and commercial banking strengths, we provide our corporate clients with far more than credit.

Our skills extend to corporate finance, management buyouts, loan syndications and yes, to the Euro-commercial paper market through our London subsidiary, Bankers Trust International, Ltd. Our track record is second to none in actively dealing in the Euro-commercial paper and Euro-note programs which have accounted for the majority of total notes outstanding to date.

One reason why we lead the way: our enviable position of being an active participant on both sides of the market, acting for issuers and investors alike.

It's our wide range of services in so many areas that has helped make us a lead bank for so many corporations. That's because the financial needs of the modern corporation are complex and interrelated. Such needs almost invariably require cross-disciplinary skills on the part of a lead banker.

Among the many services Bankers Trust offers:

Swaps. Bankers Trust is a universally acknowledged market leader in the intricate world of currency and interest rate swaps. Our team of specialists in London, New York, Tokyo, Hong Kong and Toronto completes an average of five deals every day.

Corporate Trust and Agency. Over 2,000 corporate and other entities depend on Bankers Trust to service over $150 billion in securities. We are the largest fiscal and paying agent in the international debt markets.

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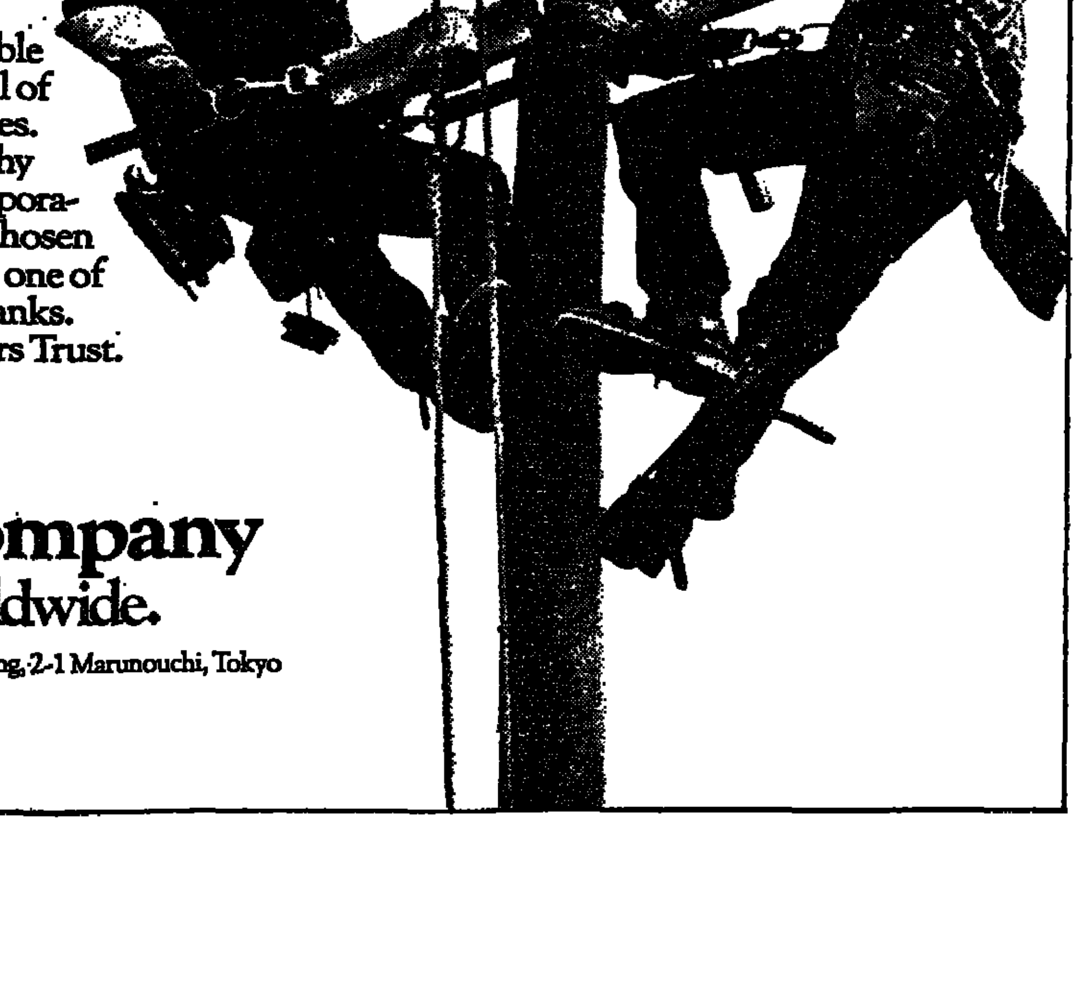

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UK COMPANY NEWS

NON-CORE SUBSIDIARIES SOLD FOR £2.6M

Birmid advances 30% to £13m

Birmid Qualcast has sold its engineering and irrigation subsidiaries in a management buy-out. The move followed a downturn in the agricultural irrigation marget which resulted in losses by the companies of £1.6m in the year to November 1, 1986, after a small loss in the previous year.

The consideration was £2.6m cash, satisfied mostly by the repayment of loans made by Birmid to the companies. The book value of the assets exceeded the price by about £4.6m, which has been taken as an extraordinary item in the accounts for the year to November 1, which were also published yesterday.

On turnover little changed at £203.79m (£202.75m) pre-tax profits rose by 30 per cent from £10.06m to £13.09m, at the bottom end of the range of City expectations. Earnings per share came out at 15.6p (12.1p) and the directors are proposing an increased final payment of 3.5p (3p), making the total for the year 4.75p, against 3.75p.

The buy-out is backed by Schroder Ventures and CIN Industrial Investments. The companies involved, which Birmid said were outside the group's main areas of operation, are BQ Industries, BQ Precision Engineering and Wright Rain. The company said the consideration would be spent on developing additional profitable actiities.

Together with the recent disposal of Plastic Engineers (New Milton), directors said that immediate increase in cash flow would be about £3m, but the more important factor was the relief from ongoing pre-tax losses.

In the year under review the directors said that Potterton International, maker of central heating boilers, took advantage of a buoyant market for domestic central heating. Qualcast and Atco lawnmowers and Qualcast Ceramics, sanitaryware manufacturer, earned very satisfactory results, they added.

The foundries division, which continued its recovery, could now be considered one of the areas of opportunity for the group, the directors said.

Operating profit came out higher at £14.38m, against £12.29m, and interest payable was much lower, falling from £2.13m to £1.26m. Losses from the associate were also lower at £37,000 (£101,000).

The tax charge was £2.82m (£2.06m) and minorities took £3,000 (£4,000 credit). The total extraordinary charge was 5.12m (£4.21m).

Directors said the present year had started in a promising way and could see no reason for the group not continuing to make good progress.

● comment

These figures are on the lower end of market expectations but the sale of the engineering division, which will see £2.6m enter the coffers, is more important in terms of this year's performance. The elimination of £1.6m in pre-tax losses this disposal implies lifts the 1986-87 base line to £14.7m. With foundries finally on a firm growth tack, if something can be done to curb kitchen furniture losses then the present period should be almost red ink free. This should make £16.5m a readily achievable target and perhaps explains why, in spite of the volume of sales ahead of these results, Birmid's share price has held well. Buying by nominee companies (some of them connected in the past with a well known publisher with engineering ambitions) suggests that several parties have calculated that the Potterton brand name alone is worth more than £1 of the company's 176p, up 8p, share price and while lawnmowers are a weather dependent business, the ideal scenario of a wet spring followed by a warm summer has to come round every now and then. A prospective p/e of 9.5 seems niggardly and allows nothing for a possible pension fund bonus.

OPERATING PROFIT (£m)

	1985-86	1984-85
Home and garden equipment	6.38	6.34
Heating	6.31	4.75
Engineering	(1.09)	0.23
Foundries	3.23	1.3
Properties	0.11	0.17
Central costs	(0.56)	(0.5)
	14.38	12.29

ECC stays undecided over 30% Bryant stake

English China Clays, which recently failed with its takeover bid for Bryant Holdings, the housebuilder, said yesterday that 1987 had started well in all its businesses.

Sir Alan Dalton, the chairman, told the AGM that the balance sheet remained strong and the company was confident of another successful year. Its shares rose 10p on the day, to close at 398p.

He said ECC had yet to decide what to do with the stake of nearly 30 per cent it built up in Bryant at a cost of £52m.

If it chose to retain the investment it would treat Bryant as a related company for accounting purposes and would consolidate ECC's share of Bryant's profits with its own.

Star Computer stake in Rolfe & Nolan

Star Computer Group, a computer systems supplier, has acquired a 6.1 per cent interest in Rolf & Nolan Computer Services, a computer software services company.

Mr David Biechner, the chairman, said that after a three-fold increase in Star's share price over the past year, the company was once again in a position to invest in other companies with rising fortunes.

He said that he saw the stake as an investment and expected to make similar announcements over the coming months.

Rugby Cement sells Australian hotel

Rugby Portland Cement announced yesterday that terms have been agreed for the sale of the freehold property and assets of the Parmelia Hotel, Perth, to a company associated with the Bell Group for A$31.5m (£13.8m) cash.

At December 31 last the assets being disposed of had a net book value of £6.1m and earned an unaudited profit before tax for 1986 of £884,000.

Sintrom in deal for part of Dicoll

Sintrom, the Reading-based specialist in the manufacture, distribution and maintenance of computer peripherals and systems, has purchased, through its third party computer maintenance subsidiary, Sysmatic, the contracted computer maintenance and service business of Dicoll Electronics, a subsidiary of the Platon Group.

The business has been acquired for a net cash consideration of £161,000.

The contracts acquired have a current annual income of £175,000.

Zygal Dynamics

Shares of Zygal Dynamics, USM-quoted supplier of computer related equipment, rose 8p to 84p yesterday, valuing the company at £4.2m, despite the directors stating that they knew of no reason to account for the recent rapid increase in the company's share price.

Peek Holdings' bid for Sarasota signals start of expansion plan

BY DAVID THOMAS

PEEK HOLDINGS, a "shell" company, has made a recommended offer for Sarasota, the Winchester-based high-technology instrument group, valuing Sarasota at about £25.6m.

This is the first major move by Peek since it was acquired in August by Mr Kenneth Maud, a South African entrepreneur who was previously deputy chief executive of Allied Technologies, South Africa's largest electronics and electrical equipment group.

Mr Maud said yesterday that Sarasota was the first plank in his strategy of building Peek into a strong company in the field of applied electronics and industrial technologies.

Under the offer, Sarasota's shareholders will receive 23 new Peek ordinary for every 10 Sarasota ordinary.

With Peek closing down 5½p at 57p, this values the offer at 131p per share. Sarasota closed up 15p at 122p.

A cash alternative of 115p per Sarasota ordinary share is available.

Full acceptance would involve the issue of 40,613,435 new Peek ordinary, about 40.7 per cent of the enlarged share capital. This would dilute the stake in Peek held by Javelin, a company controlled by Mr Maud's family trusts, from about 50 per cent to about 30 per cent.

The offer has been accepted by Mr Ian McCue, Sarasota managing director, who owns 9 per cent of Sarasota shares, and by CIN Industrial Developments, Equity Capital for Industry and Barclays Industrial Development, which together hold another 40 per cent.

Mr McCue, who is to join the Peek board, said that Peek's plan fitted in with Sarasota's wish for expansion.

Sarasota reported pre-tax profits of £1.55m on sales of £10.2m in the year to the end of March 1986.

Norwegian property group takes 71% of Jacksons

BY MARTIN DICKSON

BUGGE EINDOMS A/S, a Norwegian property and investment group, yesterday acquired 71.7 per cent of Jacksons Bourne End, a shoe components manufacturer and property company, from three large shareholders and made a formal bid for the rest of the business, valuing it at about £9.5m.

Jacksons is essentially a shell company with a London quotation and Bugge said that it intended to maintain its listing on the stock exchange. Arrangements were being made to place with Norwegian and UK institutional investors and other individuals sufficient shares to reduce Bugge's holding to 60 per cent. It intended to retain this stake as a long-term investment.

Bugge did not spell out its intentions for the group beyond saying that the Norwegian company's expertise would be made available for property and industrial investments.

It ascquired its shares at a price of 445p each from Casaya Company, Metox Investments and Millfield. It is offering minority shareholders the same price in cash, but last night Jacksons shares closed well above that at 490p, up 62p on the day.

Bugge is headed by Mr Niels Bugge, a business lawyer, and dealings in its shares began in January last year on the unofficial market in Oslo.

At that time, shareholders' funds totalled about £12. By the end of 1986 they had grown to about £60m, with total gross assets of £140m. Interests include substantial commercial property interests in Oslo and a portfolio of investments in quoted and unquoted Scandinavian companies valued at £50m.

Jacksons, which last year decided to close its expanded polystyrene manufacturing plant at High Wycombe, makes inner soles and other components for shoes. It has a property portfolio valued at about £4.25m and cash of £3m.

Jacksons, which is being advised by Laurence Prust, expects to give its recommendation to minority shareholders when the offer document is despatched. Bugge is advised by EBC Amro.

Mr R. H. Plummer, Jacksons' chairman, and Mr A. S. D. Cannon, a director, would resign from the board and be replaced by Mr Bugge, Mr Owen Inskip, a British chartered surveyor, and Mr Erik Wahlstrom, a Norwegian lawyer. Bugge said the proposed expansion of Jacksons would require additions to the board.

Datron hit by difficulties in US and China

A combination of international factors had an adverse impact on profitability at Datron International, USM-quoted testing and measuring equipment manufacturer.

Although turnover in the six months to end-December 1986 improved from £4.1m to £4.91m, problems in the US and in China resulted in taxable profits declining to £11,000 against £502,000 for the comparable period. There was no charge for tax (£182,000).

Earnings per 5p share came out at 0.1p (2.1p).

The directors said that the operating units in Norwich and Florida had been order limited due to the unexpected continuation of the slowdown in the US electronics industry and a further delay in the agreement with China, as a result of foreign exchange difficulties.

They also expressed disappointment that recent acquisition, California-based Datron EHE Instruments, had failed to achieve any significant earnings. The reorganisation and revitalisation had taken longer and used more resources than originally anticipated.

The directors added that expenditure on sales marketing and new product development, although damaging to short-term profit, were essential to maintain the group's future.

Datron intends to introduce several new products during the coming year. Discussions regarding Chinese contracts were continuing and given an upturn to previous levels of business activity, the company would be positioned to return to substantial profitability, they concluded.

Realisations lift Newmarket

CONTINUATION OF the current realisation programme saw Newmarket Company, the Bermuda-based venture capital investment concern, generate capital gains of $4.2m in the last three months of 1986 on realisations of $5.2m.

Announcing results for the year to December 31, Mr Alan Henderson, chairman, said that the company's activities had been aided by the recovery in American stock markets.

This enabled Newmarket to dispose of the remainder of its stake in Apollo Computer—realising a gain of over 300 per cent—and the sale of another 150,000 shares in Evans and Sutherland for $3.8m, reducing Newmarket's holding in the latter to 500,000 shares, an amount considered compatible with the overall portfolio.

These sales, when added to disposals made in the previous nine months, meant that total realisations in the year exceeded $20m.

Newmarket currently has a portfolio of 89 investments, mainly in the UK and US and has net tangible assets of $84m.

Carlton buys circuit board manufacturer

By David Thomas

Carlton Communications, the television services and video technology group, has acquired Comelin, a Bedfordshire-based manufacturer of specialist printed circuit boards, for £5.48m in cash.

Comelin, a subsidiary of Matra, the large French electronics and defence group, had pre-tax profits of £543,000 on sales of £2.39m for the year ended December 31 1986. It has net assets of £1.05m.

Comelin makes specialist printed circuit boards for prototype, pre-production and low volume requirements for the professional electronics industry.

Carlton is likely to take up to a quarter of Comelin's output for its own internal purposes.

Mr Michael Green, Carlton chairman and chief executive, said: "Carlton already manufactures a number of high performance digital and analogue video products, and will benefit from the integration of Comelin."

Mr Andrew McGlasson, Comelin managing director, who is staying with Carlton, said: "I am confident that the company will expand its operation geographically, broadening its client-base while continuing to exploit the niche demand for service-based products."

Carlton's shares rose by 12½p yesterday and closed at 1,100p.

CROWN Television Productions' preliminary negotiations to acquire Falkman Television have been discontinued.

Abaco pays £5.6m for estate agent

BY DAVID THOMAS

Abaco, the fast growing financial service group, is to acquire Levens, an estate agent based in South-east London and Kent in a cash-and-shares deal worth up to £5.63m.

Abaco, which made eight acquisitions last year, said that acquiring Levens fitted into its strategy of expanding its estate agent operations into suburban London.

Mr Cameron Brown, Abaco deputy chief executive, said that Levens would be able to co-operate closely with Abaco's John Charcol mortgage brokers and Provincial Trust licensed deposit taker businesses.

The initial price paid to Levens' seven partners will be £3.93m, made up of £1.93m in cash and £2m in shares through the issue of 3,188,262 new Abaco ordinary shares, about 1.5 per cent of the new enlarged share capital.

A further payment of £1.7m will be made depending on the level of Levens' profit for the year to April 30 1987. The maximum payment will be made if Levens' pre-tax profits, after deducting the partners' notional salaries, is at least £457,905. In 1986, it was £138,000.

The whole of the deferred payment will be in Abaco shares. In addition, £70,000 is to be paid to Levens' 61 staff in the form of Abaco shares.

Mr Brown said that it was Abaco's general policy to insist on some payment to the staff when it took over companies.

Leathergoods downturn hits Elbief profits

Elbief, manufacturer of household and leathergoods accessories, reported a downturn in attributable profits in the six months to October 31.

Pre-tax profit fell to £253,000 against £302,000 last time, as turnover decreased slightly from £2.05m to £2.04m. Tax was estimated at £89,000 (£121,000). Earnings per 10p share fell to 1.3p (1.43p).

The interim dividend is maintained at 0.532p.

Mr Samuel Prais, chairman, stated that although sales of the Elite range of photograph frames, decorative clocks and mirrors displayed solid growth during the period, the performance of the original mainstay activities of producing frames for handbags and other small leathergoods had proved to be disappointing.

Consequently, it was difficult to forecast profits for the full year.

While expressing caution over future prospects for the leathergoods side, Mr Prais said that increased sales for the Elite range of goods were highly encouraging.

Giltrap increases its stake in Frank Gates to 30.3%

BY NIKKI TAIT

Giltrap, the New Zealand-based motor distributor which is making a £12m hostile bid for Woodford-based Frank G. Gates, yesterday announced that it had received acceptances in respect of 13.6 per cent of its target's shares.

Together with the 16.8 per cent stake held by Giltrap and its associates, this gives it control over 30.3 per cent of Gates shares.

However, the 60 per cent of Gates' equity which is held by directors and the Gates family remains opposed to the bid. Giltrap, which has already said that its 140p a share bid is final, is now extending the offer until next Tuesday February 17, the last possible closing date.

Yesterday, Mr Richard Palmer, joint managing director of Giltrap, pointed out that the 30.3 per cent now controlled by Giltrap represents three-quarters of the non-family equity, adding that this showed "overwhelming support from the independent shareholders for our offer."

Gates itself said it had no further comment to make on the latest announcement, but that the family block remained solid.

Dobson sees growth

Dobson Park Industries, specialist engineer, is anticipating further growth in the current year. Addressing shareholders at the annual meeting, Mr J. J. Francis, chairman, said that the year had started satisfactorily, and although there will be some downturn in mining equipment volumes, improved trading for the group as a whole was expected.

HARTONS, a holding company, has acquired G. H. Bloore, one of the oldest distributors of semi-plastics in the UK, for £1.8m, to be satisfied by the payment of £350,000 in cash and the issue of £1.45m of variable rate guaranteed 1991 unsecured loan stock.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Birmid Qualcast	3.5	—	3	4.75	3.75
Dom Holdings int.	1.73	April 2	1.73	—	4.95
Elbief int.	0.53	April 11	0.53	—	1.89
Estates Prop. Invst. int.	3†	April 2	3	—	8.5
Kennedy Brookes	1.2	July 6	0.96	1.95	1.44*
Tenby Industries	3	Feb 20	—	—	—
William Ransom int.	0.4	April 7	1.64*	—	3.95*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Ms Joanna Lumley, non-executive director, Sir Richard Attenborough, chairman and Mr Nigel Walmsley, managing director, taking a close look at Capital Radio's prospectus yesterday.

Offer values Capital Radio at £16m

BY RICHARD TOMKINS

Capital Radio, the London commercial radio station seeking a stock market listing, today unveils the prospectus for na offer for sale which will vlue the company at £16m.

Capital is Britain's biggest independent radio station and has held an IBA franchise for the London area since 1973. It also owns The Duke of York's Theatre in London's West End.

It will be the fourth local radio station to seek a quotation. The others, Piccadilly Radio, Radio City (Sound of Merseyside) and Radio Clyde, are quoted on the USM.

Barclays de Zoete Wedd, merchant bank sponsoring the flotation, is offering 3.91m shares—a little more than 25 per cent of Capital's equity—at 105p each. Thebroker to the issue is Capel-Cure Myers.

Capital has a £2.7m cash surplus and will not be raising any funds in the flotation. All the shares will come from exist ing holders, mainly Paul Ram say Broadcasting, Dominfast Investments, Rediffusion Radio, Local News of London and Express Newspapers.

The company said it was coming to the market in line with a commitment made to widen its shareholding when it renewed its franchise in 1983, which expires in 1992.

Commercial radio stations de pend on advertising for their income, and because their operating costs are not directly related to this income, fluctua tions in advertising revenues have a significant impact on profits.

The prospectus shows the pre-tax profits fell from £1.4m to £936,000 in the year to September 1985, when advertising revenues, in common with those of other radio and television stations, went into temporary decline.

Last year profits bounced back to £1.7m. Capital benefited from a cut in IBA rental payments and the elimination of Exchequer Levy. The company said that if the cuts had oper said that if the cuts had operated for the full year, pretax profits would have been £2.39m.

The historical price/earnings ratio is 16, but on a proforma basis is 10.7. There is no profits forecast, but Capital said it expected to pay a dividend of 5p for the present year, putting the shares on a prospective gross yeld of 6.7 per cent.

CAPITAL RADIO 95·8 FM 1548 AM

The prospectus said that trading in the present year had started well, with net advertising revenue up 15 per cent in the first quarter. The company believed there was considerable scope for the development of commercial radio in the UK.

Commenting on the imminent Green Paper on the future of independent radio, Mr Nigel Walmsley, Capital's managing director, said yesterday he would welcome any proposals for the creation of a national commercial radio station because it would enhance the status of the medium in the minds of advertisers.

See Lex

Final housebuilding sale by Christian Salvesen

Christian Salvesen, food distribution and industrial services group, has completed its disinvestment from the housebuilding field.

The proceeds of the sale of Salvesen Homes (Lancashire) to Redrow Developments of Mold, North Wales, for a consideration of around £7m, based on net asset value at completion, will be applied to Salvesen's general capital investment programme, the directors said.

The Lancashire operation completed sales of just over 440 new houses in the year to end-March 1986 and achieved taxable profits of approximately £1.3m on turnover of £25m.

The decision to dispose of the housebuilding activities was first announced last July. The Yorkshire and Midlands operations were subsequently sold to C. H. Beazer and Westbury respectively for £12.6m apiece.

Manchester Ship's corporate plan

By Ian Hamilton Fazey, Northern Correspondent

Manchester Ship Canal Company published its annual report yesterday and predicted operating profits for 1987 of over £6m. On Tuesday it reported record net profits of £4.3m for 1986.

The MSCC is locked in the final stages of a takeover bid by Highams for control of the company. The annual report, therefore, has the look of a defence document about it and contanis a two-year corporate plan for developing the business.

At the same time, it points out the differences between Highams' holdings in the company, and those of the MSCC defenders. Highams has 80 per cent of the 4m preference shares, while the MSCC board and its allies have two-thirds of the 4m ordinary shares.

The preference shares arfe limited to a maximum 3.5 per cent dividend, while the ordinary shares are entitled to all the remaining profits. "The key point is that the two classes of shareholders are mutually dependent," Mr Nicholas Berry, MSCC chairman, writes.

Highams, the Lancashire textiles group which is privately owned by property developer Mr John Whittaker, has contended throughout the bid that it will revitalise the Canal, but the annual report spells out in detail the MSCC's own plans.

These can be divided into canal operations, property investment and property development.

Canal operations in the lower reaches from the Mersey mouth to Runcorn made £6.8m on £18.4m turnover last year. These would be strengthened, says the report. At the same time, the barely-used loss-making upper reaches would be converted

Property development would be pursued on land alongside the canal, and the company would put up £6m for a retail scheme at Ellesmere Port. At the same time, a waste disposal scheme on unusable land between Warrington and Runcorn is expected to yield £1m a year for the next two decades.

The takeover battle is expected to reach its climax at the annual meeting two weeks today

Home Farm Products shares suspended after bid approach

BY NIKKI TAIT

SHARES IN Home Farm Products, the Sheffield-based pork butchers, were suspended at 113p yesterday at the request of directors, following a potential bid approach.

Directors said that they were having discussions which could lead to an offer for the company, but refused to comment on how far talks had progressed. At the 113p suspension price, Home Farm is valued at £5.27m.

Home Farm came to the market in 1980, and directors still control around 55 per cent of the shares. In the last full year, to end-May, the company reported a 27 per cent increase in pre-tax profits to £1.2m, largely due to an extremely successful first half.

Since then, reduced demand for bacon and price competition from imports, has produced a 62 per cent drop at the pre-tax level to £257,000 in the six months to end-November.

The company's shares, however, which dropped sharply after the September peak of 114p, rallied last November to close to the suspension level. One suggestion amongst analysts yesterday was that the company would fit well with Hillsdown Holdings, a fast-growing group with interests in food, furniture and property.

Merivale Moore £50m merger

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Merivale Moore yesterday announced an agreed merger with Municipal Properties to create a new company with £50m of property assets.

Mr Grenville Dean, the Merivale chairman, noted that the asset base of the two companies was complementary. Although both have residential interests, he added that "the Municipal shop portfolio is very interesting and we're light on shops." Merivale has tended to concentrate more on office property.

The merger is being carried through in two parts. Allen and Norris, which is owned by Mr Tony Allen, the Municipal chairman, has 40.7 per cent of the Municipal equity and this is being bought out with 949,034 Merivale shares. Other Municipal shareholders are being offered 54 new Merivale shares and £222.75 in cash for every 11 Municipal shares.

There is a loan note alternative. The cash element can be replaced with 9.5 per cent unlisted unsecured Merivale loan note, redeemable in 1996.

On the basis of Merivale's market closing price on Wednesday the offer values each Municipal share at £33.75 and the total equity at £16.3m. Merivale's shares closed at 275p on Wednesday, but rose yesterday to finish at 300p.

Municipal is declaring a second interim dividend of 7p net a share in place of a final. The company has ben essentially controlled by its directors, which has allowed it to fend off other takeover bids. There has, however, been a long personal association between Dr Dean and Mr Allen.

Estates Property moves ahead at half-way

Estates Property Investment Company marginally increased its pre-tax profits from £1.73m to £1.78m in the six months to October 31 1987. The figures include the results of the Union of House and Land Investors, and its subsidiary company, for the six months to October 31.

The interim dividend is unchanged at 3p and will again absorb £603,000. Stated earnings per 25p share rose from 6p to 6.64p.

Net rents receivable were higher at £3.35m compared with £2.54m. Net property income was up from £2.27m to £3.06m, and investment income and interest receivable totalled £100,000 against £55,000.

Tax for the year was lower at £440,000 (£521,000).

BOARD MEETINGS

TODAY

Interims—Imperial Continental Gas, Jos Holdings, Second Alliance Trust.
Finals—GT Asia (Sterling) Fund.

FUTURE DATES

Interims—	
Consolidated Gold Fields	Mar 4
Continental Microwave	Mar 9
Elders IXL	Feb 16
Framlington	Feb 20
Global Group	Feb 23
Irish Glass	Feb 18
Murray Income Trust	Feb 24

Finals—	
Anglo American	Feb 18
Cadbury Schweppes	Feb 26
Capital and Counties	Feb 24
Citygrove	Feb 19
Miss World	Feb 25
Murray International Trust	Feb 24
Novo Industri	Mar 11
Questel	Feb 19
Ransomes Sims and Jefferies	Mar 9
Romney Trust	Feb 19
Sale Tilney	Feb 26
Tancherwood	Feb 24
Yeoman Investment Trust	Feb 17

Triton plunges into red

Triton Europe, oil and gas exploration company, plunged into the red with pre-tax losses of £3.56m in the half-year to November 30 1986 compared with pre-tax profits of £11.58m in the corresponding period of the previous year.

Turnover fell from £18.98m to £10.55m. After tax considerably lower at £512,000 compared with £6.78m, the attributable loss was £4.07m against profits of £4.8m.

The directors pointed out that despite the decline in oil price and a maintained depletion charge during the period, increased production enabled the company to show a gross profit on operations. Administrations expenses, foreign exchange losses and tax resulted in a loss for the half-year.

Surface gathering and processing systems on the oil fields in France were now operational, together with pipelines to the refinery at Nangis. Crude oil transportation was expected to be more economical. Oil production by Triton France (100 per cent owned by the company) now averaged 7,650 b/d.

Exploration activity had continued in France, and in the North Sea, particularly on blocks 16/26 and 48/188-198 in the UK sector, where reserves of oil and gas respectively were being appraised. Exploration work on UK onshore blocks 048 and 066 had commenced.

The loss per 5p share at half-way was 4.93p against earnings of 5.82p.

UK COMPANY NEWS

Kennedy Brookes moves ahead 38% to £5.8m

Kennedy Brookes, restaurant and leisure group, saw pre-tax profit rise by 38 per cent from a restated figure of £4.2m to *£5.8m on turnover up from* £41.8m to £43.8m in the year to October 26 1986.

Mr Michael Colder, the chairman, said that the group, which includes Wheeler's Restaurants, Cafe des Amis and Mario & Franco, was in a better position to benefit from the improved trading climate than at any time in the past.

He said that all the main divisions had performed well in the year, despite an exceptionally long, cold spring and the disruption of the tourist trade. Better marketing, investment in *refurbishment* and improved cost-control had all contributed.

He expected profit from Distinctivet Inns would increase substantially in the future, while the chain of Mario & Franco restaurants had been expanded following Kennedy's acquisition of Crusts for £7.7m in October last year.

A professional revaluation of the group's principal properties had revealed a surplus of £11m, which had been included in the accounts. An extraordinary charge of £3.8m represented the surplus from the write-off of goodwill, offset by the £11m revaluation and a further £5m elsewhere in the budget sheet.

Mr Michael Golder, chairman of Kennedy Brookes.

As a result of the revaluations, the net tangible asset per share had risen from 74p to 139p on a fully diluted basis.

After tax of £1.2m (£820,000), earnings per share worked through at 27.64p (21.92p) undiluted and at 24.21p (20.91p) fully diluted. The proposed final dividend of 1.2p (0.963p) makes a total of 1.95p (1.44 adjusted).

● comment

In a year that was marked by a winter miserable enough to keep most people at home and a summer terrorist scare, Kennedy Brookes has had to rely on the £2m saved on administration costs, £½m from rental income and a holding of operating cost increases to keep it ahead. With turnover all but standing still until August, when tourist *numbers returned to normal*, the company switched its attention inhouse. As part of this it has bitten the bullet on its goodwill account. However, while the City is looking for £8¼m this year the shares look a little worn through over-use. Since the May 1985 convertible stock issue, the number of shares on the market has more than doubled. It has clearly been a struggle to get the earnings rises to match the paper outflow and the exercise price (305p) on the convertibles has never been surpassed—in fact the shares have only briefly traded in the 300p region. The prospective multiple is a fully diluted 10¼, on the shares at 277p, which because it is seen as temporarily featherbeaded by tax losses is unlikely to be bettered by much until the basic restaurant business shows more *robustness*.

Tenby profits rise 40% to £3.5m

Tenby Industries, the West Midlands-based electrical and engineering group which is being taken over by Emess Lighting in a £42m agreed bid, yesterday announced a near 40 per cent profits jump for 1986.

Tenby, previously a BSR subsidiary, came to the stock market in June 1986. A dividend of 3p is being recommended for the year against a forecast of 2.7p at the time of floatation. Earnings rose from 14.08p to *17.94p per 50 share.*

Turnover for the year was just 4.3 per cent ahead at £32.47m (£31.13m), but pre-tax profits rose to £3.46m against £2.48m. The profit is in line with estimates made when the bid was announced last month.

Sales of electrical accessories increased by 14 per cent, reflecting a strong domestic sales performance with a further increase in market share. Overseas sales were marginally higher despite difficult conditions in many of the traditional overseas markets, directors *said.*

Engineering sales showed a slight decline over the previous year. This was mainly because of problems at BKB Electric Motors. Bulpitt Engineering turnover showed further good growth, they said, while that of Fraser *& Glass was virtually* unchanged.

The improvement in trading profit, from £2.74m to £3.67m, reflected the continuing strong sales and improvements at Tenby Electrical and Bulpitt Engineering, together with a *marked, similar* improvement in manufacturing efficiency at Fraser & Glass, the directors stated. At the latter there was a substantial improvement in profits despite the static sales.

Operating profits of £3.55m (£2.61m) were after exceptional debits of £116,000 (£130,000). Investment income added £32,000 (nil) and the pre-tax result was struck after interest and similar charges took an unchanged £129,000.

The tax charge was £298,000 (nil), and there was an extraordinary £1m gain (£530,000 *debit)*, representing a debt forgiven by BSR

Wm Ransom to maintain profit

William Ransom & Son, a *manufacturing* chemist, reported pre-tax profit up slightly from £223,000 to £231,000 on turnover down from £3.1m to £2.5m for the six months to September 30 1986.

Mr Michael Ransom, the chairman, said that profit was higher on reduced sales due mainly to the elimination of losses at the company's *former* subsidiary, Halas Pharmaceuticals.

He said that during the first quarter under review, demand had been adversely affected by *pharmaceutical* wholesalers running down stocks following distorted trading patterns caused by the introduction of the list of prescribing regulations. Turnover had picked up during the July to September levels of the previous year.

He *added that* during the third quarter—from October to December—demand had again improved, but had still not reached the levels of 1985 when sales had been particularly buoyant.

Mr Ransom reported that the fourth quarter had *started* well on the home market and that exports were steady, although the company had not yet felt the full beneficial effect of the quarter, but had not reached the weaker pound.

He said that while much would depend on the last two months of the year, he expected that profit would be in line with last year's £582,000.

After tax of £81,000 (£89,000) earnings per 10p ordinary share worked through at 0.99p (0.89p). The directors declared an interim payment of 0.4p *(1.64p adjusted) to reduce disparity.*

The chairman added that the increase in the total dividend for the year would be recommended when the results for the full year were known.

Dom Holdings slips into the red at half year

HIGHER PRODUCTION and distribution costs experienced in the latter half of 1985-86 continued into the first half ending September 1986 at **Dom Holdings**, which slipped from pre-tax profits of £585,000 into losses of £108,000.

Mr D. O. McIntyre, chairman, said the second half was expected to show some improvement on the first. Policies to overcome the problems, although effective, were taking longer to restore the situation than originally anticipated, he said. The bull benefit was expected to emerge during the next financial year.

In the circumstances the directors consider it appropriate to maintain the interim dividend at 1.725p per 10p share. For 1985-86 a total of 4.95p was paid when pre-tax profits fell to £610,000 (£1.26m). Losses this time worked through at 1.33p per share (4.33p earnings).

Turnover for the company, a Hertfordshire-based maker and retailer of fixing products, rose slightly to £8.9m against £8.61m.

There was a tax credit of £8,000 (£260,000 charge), and after dividend distribution of £129,000 (same), £229,000 was transferred from reserves (£196,000 retained).

APPOINTMENTS

Shell Transport managing director

The board of THE "SHELL" TRANSPORT AND TRADING COMPANY intends to recommend to the annual meeting that Mr J. S. Jennings be elected a director from July 1. Subject to such election and with effect from the same date, the board intends to appoint Mr Jennings as a managing director of the company. It is also the intention that Mr Jennings will thereafter be appointed a managing director of The Shell Petroleum Company Limited and a member of the presidium of the board of directors of Shell Petroleum NV, thereby becoming a group managing director, also with effect from July 1. He was appointed exploration and production co-ordinator in Shell Internationale Petroleum Maatschappij BV (SIPM) early in 1985 and in February 1985 was appointed to the board of that company.

★

At BLUE CIRCLE INDUSTRIES the following changes will become effective after the annual meeting on June 2. The current chairman and group managing director, **Sir John Milne**, will be relinquishing his executive duties but will continue as chairman; **Dr Gordon Marshall**, deputy chairman and joint managing director, will be retiring and **Mr David Poole**, joint managing director, will become the group managing director of Blue Circle Industries.

★

Mr Nicholas Mearing-Smith has been appointed a director of COUNTY SECURITIES, part of the NatWest Investment Bank group, as head of equity syndication. He has also been appointed a director of County Group, the management company for NatWest Investment Bank. Mr Mearing-Smith was a director (and former partner) in the corporate finance department of Wood Mackenzie, and a director of Hill Samuel and Co.

★

LOVELL PARTNERSHIPS has appointed **Mr Peter Bailey** as a non-executive director of the recently created partnerships division of the Lovell Group. He will also continue as business development director of Lovell Homes.

★

BAND III HOLDINGS, the consortium which is one of the two companies given government approval to establish a new national private mobile radio network, is preparing for the launch of its service later this year. The consortium will be led by **Air Chief Marshal Sir Douglas Lowe**, as chairman of Band III Holdings. Sir Douglas was chairman of Mercury Communications during the period when the necessary terms and conditions for effective competition were established. **Mr Andrew Robb** is appointed managing director. Mr Robb comes from Motorola where he was sales director for cellular products. Sales and marketing director is **Mr Callum Mackie** who joins from Senelco, where he was general manager of UK sales and service operations.

★

M. J. GLEESON GROUP has made changes to the board of its subsidiary Gleeson Homes. **Mr Howard Fisher** is appointed managing director and **Mr John Walls**, director.

Mr Peter Silverwood has been appointed as managing director of PLANER PRODUCTS. He was previously general manager for the UK division of an international flow measurement company.

★

Mr Don Hazel has been appointed director of ARTHUR YOUNG CORPORATE RESOURCING, the executive search arm of Arthur Young.

★

Following the announcement of Mr Malcolm J. Grint's retirement towards the end of April, ALEXANDER STENHOUSE has appointed **Mr Michael J. Barratt** as chief executive officer of Alexander Stenhouse Europe to succeed Mr Grint. Mr Barratt was previously chief operating officer (London operations) of Alexander Stenhouse Ltd.

★

MANEX (MANCHESTER EXCHANGE TRUST) has made the following directors: **Mr A. L. Blakesley** (group managing director); **Mr C. J. Bell** (managing director—northern division); **Mr R. J. McMaster** (managing director—Scottish division); **Mr G. D. Hill** (leasing director); **Mr J. R. Penrose** (treasury services director); **Mr M. J. Macdougall** (investment director); **Mr T. D. Wilkie** (corporate finance director). **Mr K. Sandom** left the board on December 31.

★

Mr Ken Wilkinson, general manager, overseas division, SUN ALLIANCE INSURANCE GROUP, is to retire on May 31. He will continue as a director. **Mr Ralph Petty**, an assistant general manager, overseas division, will succeed Mr Wilkinson.

★

Mr Peter Marsden has been appointed financial controller of CLARKE CONSTRUCTION, the building subsidiary of the Clarke Group. He was regional accountant for the Midland's operation of Ready Mixed Concrete.

★

Mr Alan Munro has been appointed divisional director for the Midlands region by HIGGS AND HILL BUILDING. He was formerly regional construction manager for the Midlands region.

★

FERGUSON INDUSTRIAL HOLDINGS has elected **Lord Elliott of Morpeth** to the board as a non-executive director.

★

REDDISH SAVILLES (a member of the Brent Chemicals International Group) has appointed **Dr K. Bruce Morrison** technical director—brewing services division. He was formerly general manager—brewing services division.

★

Mr R. Glyn Morris has been appointed to the board of ELECTRA INVESTMENT TRUST. Mr Morris, previously an assistant director, has particular responsibility for the listed portfolio of Electra.

★

Mr John D. Grieve has been appointed to the board of UNITED PROVINCIAL NEWSPAPERS and becomes executive director.

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth				0345 717373
High Income				
American Income	51.1	54.5	+0.4	4.83
Gilts & Fixed Int.	109.0	115.5		10.41
High Inc Equity	109.2	116.1	−0.1	4.48
Worldwide Bond	203.1	216.0	+0.4	4.49
Capital Growth				
American Growth	167.7	178.3	+2.5	0.79
Asian Pacific	66.4	70.6	+0.7	1.60
Assets & Erngs. Tst.	127.0	135.0		2.12
Capital Reserve	67.6	68.0	+0.1	1.48
Commodity & Engy.	113.6	120.8	+0.5	0.96
European Capital	95.6	101.7	+0.4	1.25
General	154.5	164.3	−1.0	2.59
Japan	77.7	82.6	−0.2	0.0
Mastertrust	72.1	76.7	−0.2	2.4
UK Growth Acc Units	176.4	187.6	+0.1	0.84
UK Growth Dnl	122.1	129.8	+0.1	1.22
U.S. Emerging Co's	57.8	61.4	+1.1	0.08
Equitas Prog	243.0	258.5	−0.6	2.79
Allied Dunbar Unit Trusts PLC (a)(g)				
Allied Dunbar Centre, Swindon, SN1 1EL (0793) 28291				Dealing (0793) 610366
Balanced Trusts				
Growth & Inc Trust	150.8	159.8	−0.9	2.83
Capital Trust	253.3	268.5	−1.7	2.57
Balanced Trust	409.9	430.2	−2.3	3.20
Accum Trust	623.6	661.0	−3.2	2.87
Income Trusts				
American Income Tst.	33.7	35.9	+0.2	4.15
High Income Trust	284.3	301.4	−1.9	4.42
Equity Income Trust	158.2	167.7	−0.3	4.56
High Yield Trust	163.7	173.5	−0.5	4.87
Govt Secs Trust	28.8	30.0	+0.1	8.10

	Bid Price	Offer Price	+ or −	Yield Gross
Barrington Mgmt Co Ltd (z)				
10 Fenchurch Street London EC3				01-623 8000
American Smaller Co	67.7	71.4	+1.5	0.94
(Accum Units)	69.5	73.3	+1.5	0.94
European Fund	101.5	107.1	−0.5	1.23
(Accum Units)	125.2	132.1	−0.6	1.23
Fund of Inv Ts	24.6	26.0		1.78
(Accum Units)	31.6	33.3		1.78
General Fund	190.2	200.7	+0.6	2.60
(Accum Units)	263.0	277.5	+0.9	2.60
Gilt Yield	112.0	115.4	+0.1	10.15
(Accum Units)	184.5	190.0	+0.1	10.15
High Yield	103.8	109.5	+0.5	4.52
(Accum Units)	210.8	222.4	+0.6	4.52
Int Recovery Fund	111.6	117.7	...	1.87
(Accum. Units)	117.9	124.4	...	1.87
Japan Fund	240.4	253.6	+0.3	0.47
(Accum. Units)	242.1	255.4	+0.3	0.47
Japanese Special	112.8	119.0	+0.2	0.24
(Accum. Units)	113.2	119.4	+0.2	0.24
North American	56.4	59.5	+1.1	0.69
(Accum. Units)	65.5	69.1	+1.2	0.69
Pacific Fund	147.2	155.3	+0.9	0.56
(Accum Units)	165.9	175.0	+1.0	0.56
Planned Investment	148.4	156.8	+2.5	3.45
Smaller Companies	98.0	103.4	+0.6	0.87
(Accum Units)	116.9	123.3	+0.7	0.87
UK Equity Growth	31.1	32.8	+0.2	0.51
(Accum Units)	51.5	54.3	+0.3	0.51
Worldwide Tech	44.5	46.9	+1.1	0.00
(Accum Units)	44.8	47.3	+1.2	0.00
KB High Yield	151.9	160.3	+0.3	4.73
(Accum Units)	256.5	270.6	+0.4	4.73
Bell Court Fund Mngt PLC				
11 Blomfield Street, London EC2M 2LB.				01-588 5171
Far Eastern	269.0	287.0	−2.0	0.70
America	232.5	248.5	−1.5	0.8
UK & European	371.5	394.5	−8.0	1.52
Bishopsgate Progressive Mgmt. Co				
15 St James' Place, London SW1A 1NW				01-493 8111
Progressive Inc.	1472.0	1575.0	----	2.20
Progressive Acc.	1860.0	1932.0	----	2.20

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FT UNIT TRUST INFORMATION SERVICE

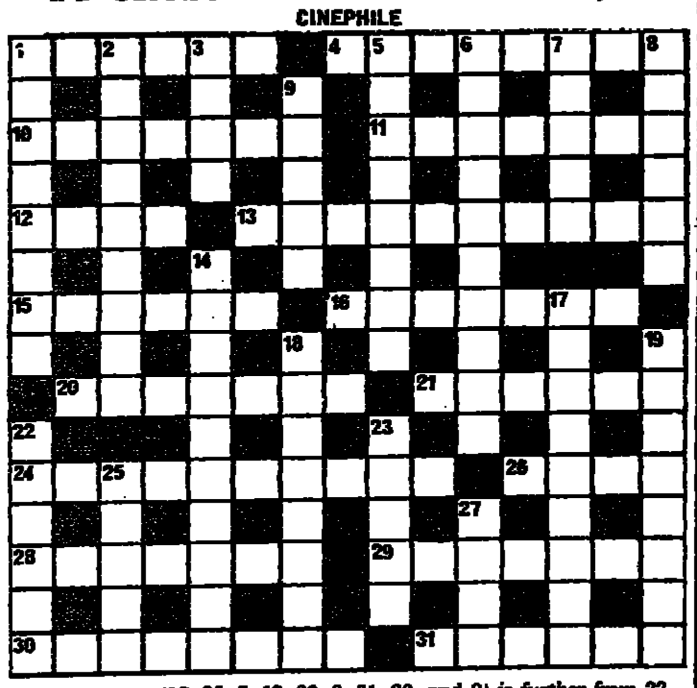
[illegible]

INSURANCES

[illegible]

FT CROSSWORD PUZZLE NO. 6,252

CINEPHILE



Each 1 across (16, 25, 7, 12, 29, 8, 31, 20, and 9) is further from 22.

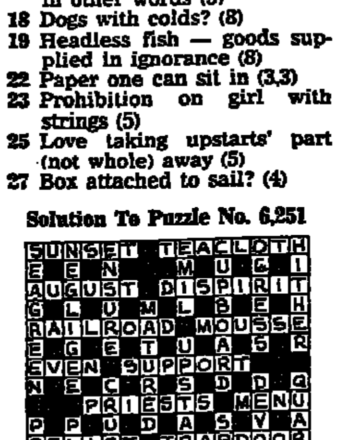
ACROSS

1 Don't leave it to chance, as the say (6)
4 Old queen's around givin' employment to firm (8)
10 Most important in males? (7)
11 Rip-off in religion: it's his fault (7)
12 Spoils of war? (4)
13 Pace taken by plump lady with family connection (4-6)
15 Fight at Rugby leads to murder in America (3,3)
16 Happy about copper travelling in tube? (7)
20 Overseas writer returns for air (7)
21 Sounds on good terms with garden city (6)
24 Listener's refuge: don't let it worry you! (4,2,4)
26 Prospect with points (4)
28 Do wrong with little Edith till some time unstated (4,3)
29 Olympic runner? (7)
30 Curiosity — numbers without ratios (8)
31 Half an hour with an American is heaven (6)

DOWN

1 It dates epistle after gospel (8)
2 Very good sailor cut short with some bleeding (9)
3 Bird of the wilderness? (4)
5 Bare-headed, not having played for one's country? (8)
6 Craved to eat beast of burden, which is heartless and unsuitable (3-7)
7 Hole in the ground (5)
8 God of day took place on vessel (6)
9 Underground members of the powerful rich (5)
14 Fellow with pink coat in old shire (10)
17 Make winter return shortly, in other words (9)
18 Dogs with colds? (8)
19 Headless fish — goods supplied in ignorance (8)
22 Paper one can sit in (3,3)
23 Prohibition on girl with strings (5)
25 Love taking upstarts' part (not whole) away (5)
27 Box attached to sail? (4)

Solution To Puzzle No. 6,251



AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB — 01-902 8876

2nd Series Life Accumulation				
Equity	368.6	390.1	+0.2	—
High Income	316.4	334.8	+0.8	—
Property	217.1	229.7		—
Managed	263.4	278.7	+0.8	—
Deposit	177.6	187.9		—
Gilt	181.8	192.4	-0.8	—
American	267.1	282.6	+4.8	—
International Money	199.5	211.1	-0.4	—
Index	111.6	118.1	-0.1	—
Far East	213.1	225.5	+0.6	—
Global	106.5	112.7	+1.4	—
European	107.1	113.3	-0.2	—
Japan	112.7	119.3	-0.1	—
Residential Property	96.9	102.5		—
2nd Series Pension Accumulation				
Equity	590.6	625.0	+0.2	—
High Income	378.44	400.4	+1.1	—
Property	305.2	323.0		—
Managed	382.6	404.9	+1.4	—
Deposit	264.5	278.9		—
Gilt	256.1	271.0	-1.1	—
American	422.4	447.0	+9.0	—
International Money	287.7	304.4	-1.0	—
Index	122.6	129.7	-0.2	—
Far East	235.7	249.4	+0.7	—
Global	109.7	116.1	+1.7	—
European	110.5	116.9	-0.2	—
Japan	117.6	124.4	-0.3	—
Residential Property	97.9	103.6		—
Other Funds				
Equity Units	79.25		+0.02	—
Property Units	22.93			—
Equity Bond/Exec	49.09	51.95	+0.02	—
Property Bond/Exec	30.97	32.77		—
Balanced Bond/Exec	37.10	39.26	+0.13	—
L&E SIF 1	123.5	130.5	+0.5	—
L&E SIF 2	80.0	84.5		—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ — 031-225 1655

Ivory & Sime Bond	118.0	125.0		—
Risk & Reward Bond	154.0	163.0	+5.0	—
Murray Johnstone Fd	136.0	144.0	+1.0	—
Money Market Fd	111.0	117.0	+1.0	—
Investment Strategy Fd	100.0	106.0	+1.0	—
Ivory & Sime Pens Fd	120.0	127.0	+2.0	—

Devonshire Life—Contd.

Money	100.7	106.1		
Pen Managed	135.9	141.1	+1.9	—
Pen World Growth	104.9	110.6	+1	—
Pen UK Equity	149.5	157.4	+3.7	—
Pen UK Small Cos	138.4	145.7	+0.6	—
Pen European	100.7	106.1	-0.5	—
Pen Far Eastern	230.8	243.1	+1.5	—
Pen Nth American	97.5	102.8	+1.6	—
Pen Fixed Interest	110.7	116.6		—
Pen Index Lnkd Stks	103.7	109.2	-0.1	—
Pen Money	105.6	111.3	+0.1	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ — 0242 521 311

Secure Fund	104.6	110.2		—
Blue Chip Fund	135.4	142.6	-0.3	—
Performance Fund	162.8	171.4	+0.7	—
Adventurous Fund	156.2	164.5	+0.8	—
Pensions Secure	96.1	101.2		—
Pensions Blue Chip	104.2	109.7	-0.2	—
Pensions Performance	104.9	110.5	+0.6	—
Pensions Adventurous	104.2	109.7	+0.7	—
Pensions With Profits	100.6	105.9	-0.6	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 — 01-588 1212

Eagle/Mid. Units	180.0	186.4	-1.4	3.95

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP — 01-606 6611

Far Eastern	182.5	192.1	-0.5	—
Fd of Inv Tsts	151.6	159.6	-0.1	—
Gilt & Fixed Int	117.3	123.5	+0.5	—
High Income	169.3	178.2	+0.1	—
Intnl Growth	114.6	120.6	+2.6	—
Managed	138.1	145.4	+0.9	—
Money	109.4	115.2	+0.1	—
North American	126.6	133.3	+1.3	—
Pelican	157.7	166.0	-0.2	—
Property	108.9	114.6		—
Special Sits	163.5	172.1	+0.1	—
School Fee Managed	152.2	160.2	+0.4	—
Pension Funds				
Far Eastern	209.8	220.8	-0.4	—
Fd. of Inv. Tsts	167.9	176.1	-0.2	—
Gilt & Fixed Int	122.1	128.5	+0.7	—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

Wardley Investment Services Ltd
4th Floor, Hutchison House, Hong Kong

Wardley Nikko As. Fd.	$55.03	58.35	....	0.86

WestAvon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

US $ Option	$1.08	1.14	....	—
High Income	£0.79	0.84	....	14.25
International Growth	67.0	70.7	....	—
Japan Fund	66.4	70.6	....	—

World Bond Fund
Managers: PO Box 190, St Helier, Jersey 0534 74715

World Bond Fund NAV	$15.98	....	—

Inv. Ad Mercury Warburg Inv Mngmt. London

World Capital Growth Fund
Managers: PO Box 190, St Helier, Jersey. 0534 74715

World CapGrowthFdNAV(z)	$11.71		—

Inv. Adv Mercury Warburg Inv. Mngt London

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$20.78	-0.01	—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$18.18	+0.01	—

Inv. Adv: M. & G. Inv. Mngt., Ltd, London

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765

Japan Meta Growth	$10.77	-0.06	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$18.29	-0.01	—
Dynamic Gwth Fd.	$20.83	+0.24	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.45	13.15	.	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd — Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	10.58	7.91	11.62	3-mth
CAFCASH 7-day Fund	10.56	7.89	11.59	3-mth
The Charities Deposit Fund — 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.65		11.08	3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.62	7.93	11.43	6mth
7-day Fnd	10.61	7.92	11.41	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.70	8.00	11.49	6-Mth
7-day Fund	10.66	7.97	11.45	6-Mth
Dollar	5.06	3.78	5.39	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	10.25	7.50	10.86	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
MthIntChq £1000-£5000	10.00	7.48	10.90	Mth
Mth. Int. Chq. £5,000+	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD 01-626 2046				
HICA, HICMA	11.25	8.43	12.31	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.25	7.66	11.18	Mth
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd — 9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth
Brown Shipley & Co Ltd — Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	10.50	7.85	11.38	Qtr.
Charterhouse Bank Limited — 1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	10.375	7.76	11.32	Mth
U.S. Dollar	5.625	4.20	5.76	Mth
German Mark	3.50	2.62	4.27	Mth
Swiss Francs	2.50	1.87	1.06	Mth
Japanese Yen	3.50	1.73	1.73	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove 01-581 1422				
Money Market Plus	Top rate	7.65	11.17	Mth
For other rates please 'phone our Rateline 01-581 8629				
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	7.39	5.50	7.92	Qtr
£2,500 +	10.38	7.75	11.24	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	10.625	7.94	11.52	Qtr
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	10.25	7.66	11.18	Mth
Legal & General (Money Mngrs) Ltd — 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	10.90	8.15	11.70	6-mth
Lloyds Bank PLC — 71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	10.00	7.70	11.16	Qtr
M & G/Kleinwort Benson — M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H I C A (£2,500)+)	10.12	7.56	11.03	Daily
Midland Bank plc — PO Box 2, Sheffield. 0742 528655				
High Int Chq Acc.	9.97	7.45	10.79	Qtr
£10,000 +	10.30	7.70	11.16	Qtr
M.I.M. Britannia Ltd — 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	10.25	7.66	11.1786	—
NatWest Special Reserve Account — 41 Lothbury, London, EC2P 2BP 01-256 9933				
£2,000 to £9,999	10.25	7.625	11.05	Qtr
£10,000 and above	10.375	7.75	11.24	Qtr
Oppenheimer Money Mgmnt Ltd — 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acc	10.50	7.85	11.38	3-Mth
Phillips & Drew Trust Ltd — 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	10.625	7.94	11.52	Qtr
Provincial Trust — 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	11.00	8.22	12.03	Mth
Royal Bank of Scotland plc — 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	10.37	7.75	11.24	Qtr
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.03	7.50	10.97	Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	10.67	7.98	11.58	Qtr
Money Acc.	10.53	7.87	11.42	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth 0705 827733				
Special Acc.	9.75	7.29	10.61	Mth
Over £10,000	10.00	7.48	10.90	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL1 1SE 0752 224141				
High Int Chq Acc	11.00	8.23	11.94	Qtr
Wimbledon & South West Finance Co Ltd — 114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	11.25	8.41	12.25	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	a
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Andrew Gowers reports from the front line in the grain trade war

Bridging Egypt's 'food gap'

ECONOMIC PROBLEMS which have come to a head over the past year in Egypt have given a new edge to the sharp dilemmas facing its policy-makers over that most politically sensitive if issues—food.

The country has become one of the world's biggest importers of wheat, and has found itself in the frontline of the current subsidy battle between rival grain exporters. But since a severe economic downswing began in the mid-1980s, it has been increasingly difficult to see how Egypt could sustain its import bonanza. Ironically, the expansion of the right kind of indigenous agriculture has come to be seen as one of the few options which might help the country to make ends meet.

The resulting governmental juggling Act—between a serious shortage of foreign exchange, explosive population growth and, not least, a lack of sufficient cultivable land—has turned Egypt into a fascinating but deeply fraught case study for financial institutions like the International Monetary Fund and the World Bank.

The Government is currently struggling, after months of negotiation with the IMF, to finalise a letter of intent—covering agricultural reform among other issues—which would pave the way for a standby credit and for rescheduling of what has become a crushing debt burden.

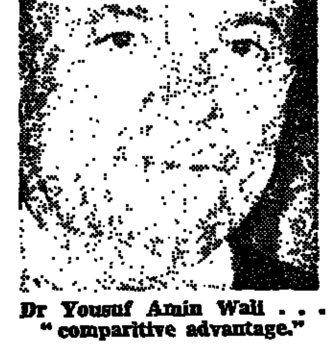
Forced to seek outside help by the collapse of all its main sources of revenue—oil, remittances from workers in the gulf, tourism, and dues from the Suez Canal—it is also preparing for a string of elections this year, so nobody is expecting anything too dramatic in the way of reform just yet.

There has in fact been a marginal improvement in the economic situation in the last couple of months, owing to the stabilisation of oil prices and a recovery in tourism. But in the medium to long term, the dimensions of the problem still seem truly horrendous. Egypt's population is expanding at a rate of about 2.7 per cent a year. It is now over 50m, and an extra 1m are added every nine or 10 months. Domestic food production—while itself increasing—has simply been unable to keep up. As recently as 1974, the country was a net exporter of agricultural produce. It now imports more than half, and possibly as much as three quarters, of its food requirements.

There are, of course, tight natural constraints on the ability of Egyptian agriculture to expand. Only about 4 per cent of the country's total land area is arable—broadly speaking, the Nile Valley and delta regions. Efforts to bring more land into production by reclaiming areas of desert have proved very costly, and not particularly successful. Large swathes of the most productive land are being swallowed up every year by urban sprawl, particularly in the environs of Cairo.

And although the authorities have managed to push up yields on existing land, there are worrying signs of soil degradation.

As if these difficulties were not enough, however, successive



Dr Yousuf Amin Wali . . . "comparitive advantage."

Egyptian governments have surrounded agriculture with a bewildering number of artificial constraints and distortions which have had the effect both of widening the country's "food gap" and of reducing its ability to pay for imports to make up the deficit. It is these problems that are at the heart of the economic debate which has been rumbling on between Egypt, its creditors and the financial institutions over the last few months. Without resolution of them, it is a fair bet that Egypt will continue to stumble from one hard currency crisis to another.

On the one hand, official policy has in the past neglected domestic agriculture, and in many cases actively discouraged farmers by taxing their output, as in many other developing countries. On the other, it has tended to encourage consumption to an astonishingly wasteful degree.

Take investment. Although it accounts for around 20 per cent of Egyptian gross domestic product and employs some 40 per cent of the workforce, agriculture benefits from only 8 or 9 per cent of public investment. Much of the capital expenditure it does receive is widely seen as misdirected. The World Bank, for example, has described the desert reclamation programme as excessively ambitious, under-costed, and insufficiently profitable.

Then there is the question of prices. The Government, which since the days of President Gamal Abdel Nasser has kept a heavy hand on prices and production of many products, has traditionally not paid farmers nearly enough for what they produce. It has been making strenuous efforts to raise prices in the past two or three years, and has lifted most of the former rules requiring farmers to deliver a certain proportion of their output to the Government at low prices. Cotton prices have been raised by a total of 40 per cent, for example, in the past two years. There are also plans for the gradual reduction of subsidies on inputs such as fertilisers and pesticides, which have encouraged waste. But in most cases farm-gate prices remain well below the world level.

The combination of misguided pricing policies and other official interference — such as import controls on meat — produces some curious effects. The domestic price of wheat, for example, is kept below that on the international market while the Government spends large amounts of money buying wheat from abroad. This makes wheat growing relatively unremunerative, and causes farmers to shift land into crops which are not controlled by the Government, such as berseem clover, grown for animal feed. Demand for this is booming as a result of Egyptians' huge appetite for meat which they produce uneconomically at home since imports are restricted. The result is misallocation of resources on a massive scale. Egyptian officials admit that there is little sense in Egypt being a meat producing country. Equally, the country's cotton sector, once its principal export earner and one of the world's top cotton industries, has experienced a quite unwarranted decline in recent years as a result of poor government incentives (although the rot has probably now been stopped).

On the consumption side, the picture is distorted by Egypt's huge and increasingly costly system of food subsidies. The country spends around E£2bn ($1.5bn) a year on directly subsidising the purchase of food, especially wheat and wheat flour. The result is that Egypt is among the world's biggest per capita consumers of wheat, with annual "disappearance" of about 170 kg per person, compared with a world average of 75 kg. It is also tremendously wasteful. Bread is so cheap that it is said to be used on a large scale for chicken feed.

In this sense, the current price war between the world's grain exporters is exceptionally good news for Egypt. Suppliers including the US, Canada, Australia and France have been queuing up to offer the country the most generous credit terms and, in some cases, grant-aided grain silos as a bonus.

But this relief can only be temporary. According to some estimates, assuming unchecked population growth, Egypt might need 10m tonnes of wheat to feed its people by the turn of the century. The cost of subsidising that amount hardly bears thinking about.

Everyone involved—including the IMF—is well aware of the political sensitivity of this issue. Ever since President Anwar Sadat's efforts to raise food prices in 1977 led to riots, a reluctance to tamper with the subsidy system has been all but institutionalised. By extreme stealth, prices have been raised over the last couple of years, but the Egyptians know that more needs to be done.

Nor do Egyptian officials attempt any more to pretend that total food self-sufficiency is a realistic goal. Instead, the Agriculture Minister, Dr Yousuf Amin Wali, tends to emphasise the need to boost production of crops in which Egypt has a comparative advantage, where possible for export. Gradually, farmers are moving into production of crops like fruit and vegetables, for which the country's climate and land are exceptionally well suited. They are finding export opportunities for items such as early potatoes in Europe. Egypt has also taken in the past couple of years to importing US cotton in order to free its much-sought-after long staple and extra long staple varieties for export.

Turning these crops into an export base that will really help Egypt to pay its way, however, is likely to be as long a haul as the effort to right the other structural imbalances in its economy.

EGYPTIAN AGRICULTURAL IMPORTS
('000 tonnes)

	1984	1985	1986*
Wheat			
US	1,284	1,404	
Canada	642	707	
Australia	1,460	2,401	
Others	274	—	
Total	3,860	4,512	4,870
Wheat Flour			
Total	1,855	1,241	1,340
Maize	1,582	1,866	2,050
Vegetable oil	362	417	450
Tobacco	44	52	55
Tallow	273	225	230
Soyameal	225	350	380

* Forecast. Source: Egyptian Government Agencies

Oil prices dip to lowest since Opec pact

By Lucy Kellaway

OIL PRICES yesterday fell to the lowest levels since Opec agreed in December to cut production and fix oil prices at about $18 a barrel.

In London the price of Brent crude oil for March delivery fell at one point to $17.25, before recovering to about $17.46, a drop of 20 cents on the day, and about $1.50 lower than three weeks ago. In New York the price of West Texas Intermediate had fallen by the early afternoon by about 20 cents to $17.90 a barrel.

Traders said that crude prices were being depressed by the surplus of oil products on the market. The price of heating oil continued to drift yesterday, and on the International Petroleum Exchange in London the price of gas oil fell by more than $3 to about $143.50 a tonne. This compared to a peak of $180 reached in the middle of January.

In the US the oversupply of oil products was highlighted earlier this week by figures showing that refinery runs in the US had risen slightly, compared to a forecast decline.

Reports that some Opec members are exceeding their quotas and that total production could be between 700,000 and 1m barrels a day above the official 15.8m barrels a day ceiling continued to depress prices.

'Flat demand' predicted for nickel

By Our Commodities Staff

NICKEL PRICES are likely to remain depressed this year, according to L. Messel and Co, a London-based subsidiary of Shearson Lehman Brothers International.

In its Mining Weekly publication Messel predicts another year of flat demand and sees "little evidence to suggest that producers are likely to curtail their output."

"It is difficult to see nickel in the near future breaking out of its current trading range," the report says

China concerned at renewed growth of cereal imports

GRAIN CONSUMPTION in China is outpacing domestic production despite the success of attempts to increase crops, according to the official press and foreign traders, reports Reuter from Peking.

Customs figures show that grain imports rose to 7.73m tonnes in 1986 from 5.97m in 1985—the first increase since they peaked at 16.1m tonnes in 1982—in spite of the fact that the harvest increased to 390m tonnes from 379m.

The increase prompted a critical editorial this week in the official newspaper, Economic Information.

But the official Farmers Daily said several problems still need urgent attention.

Some areas were neglecting grain, preferring cash crops, it said. Fertiliser, diesel oil and other raw materials are in short supply. Good-quality seeds, especially hybrid corn and rice, were hard to get and current weather conditions were not ideal for spring sowing.

Government officials have ruled out raising prices to make grains growing more attractive, but the state does offer cheap fertiliser and diesel fuel and low-interest loans to farmers who sign grain contracts.

"From 1980 to 1985, consumption and domestic trade in grain exceeded annual production increases. We must control the very sharp increase in consumption," the paper said.

It also called for more investment in agriculture and better technology while warning against cutting grain acreage, especially in richer coastal and developed areas.

The New China News Agency said, meanwhile, that the 1987 output target is set at the 1984 level, when China harvested a record 405m tonnes of grain. It said 1987 state capital spending in rural areas will grow by nearly 40 per cent over 1986 and supplies of fertiliser, fuel and pesticides will rise substantially.

The Government has said it will reduce gradually the amount of grain bought under contract to allow more to be sold on the open market at higher prices.

Peking already spends about 15bn yuan (£2.68bn) a year to cover the difference between what it pays farmers and the purchase price in urban areas. The state buys 50m to 60m tonnes of grain a year under contract, while the rest is used by farmers for their own consumption and to feed animals.

One Japanese trader attributed the rise in imports last year to a shortage of wheat and maize in south China.

"The shipments went to SShanghai, Canton and Guangxi," he said. "Living standards are rising and the livestock industry is developing rapidly. China has almost no unused arable land except marshland in Heilongjiang, where considerable investment is necessary. Higher output can only come from higher yields per acre."

Nevertheless, customs figures show grain exports reached 9.42m tonnes in 1986, up from 9.33m in 1985.

US grain exports to China reached about 500,000 tonnes last year and will rise in 1987 because Washington has offered 1m tonnes of wheat under an export programme, the trader said. Last year, China also imported 3.5m tonnes of grain from Australia, 3m from Canada and the balance from France, Argentina and Thailand, he said.

EEC delays Soviet butter sale

BY TIM DICKSON IN BRUSSELS

PLANS TO sell up to 300,000 tonnes of EEC butter to the Soviet Union were unexpectedly held up in Brussels yesterday—apparently out of deference to members of the European Parliament.

The disposal would have been the first sale under the European Commission's ambitious new scheme, approved by EEC Farm Ministers on Tuesday, to get rid of 1m tonnes of unwanted butter over the next two years. The programme of cut price exports and "give aways" to Europe's animal feed industry and other domestic users is to be financed initially by member states but the cost, estimated at Ecu 3.2bn, will ultimately be borne by the Community budget and hence is of more than passing interest to MEPs.

Yesterday's weekly meeting of the dairy management committee—made up of representatives from member-states and the European Commission—is understood to have considered sizeable bids for "intervention" butter from Paris-based traders known to have signed a provisional deal with Moscow in December. These bids were not rejected yesterday as such but will come up for discussion again at a new meeting of the committee called for next Friday.

The delay is designed primarily to give the European Parliament time to debate the Commission's overall disposal scheme at next week's plenary session in Strasbourg and to offer its "opinion" on the controversial programme.

This is a routine EEC procedure and for all practical purposes the views expressed by the Strasbourg assembly are largely irrelevant. Given the scale of the disposal plan and the imminent introduction of the Single European Act — enshrining constitutional changes which should give the European Parliament a greater say in European affairs — the butter issue has become unusually sensitive. Euro MPs indeed are known to be angry that the scheme has effectively been pushed through without their participation and are likely to make this point during the debate next week.

The likely sale to the Russians will also provoke anger in some political circles — notably among the more right-wing British Conservative members — but the expectation in the Commission is that the grand disposal plan will win MEP's broad approval.

Assuming this hurdle is cleared, next Friday's management committee will then only have to worry about the merits of the price. Details of the latest bids were not being disclosed yesterday, but two weeks ago the Commission rejected offers from the trade of Ecu 210 per tonne. "The trouble is," a Commission official said last night, "the traders know we are in a weak position and are keen to get rid of large quantities of the stocks."

LONDON MARKETS

SUPPLY TIGHTNESS in the US and on the London Metal Exchange continued to buoy aluminium prices yesterday. Although the tone was described as "nervous" as dealers watched for a possible technical reaction to the recent sharp rise, the cash position closed £29 up at a 5-month high of £850.50 a tonne, taking the rise on the week so far to £47 a tonne. Concern about potentially heavy options declarations against April delivery was reflected in a further narrowing in the cash discount against the three-months position, which came in from £5.75 a tonne to £2, having ended last week at £8.75. Other LME base metals markets were relatively quiet with copper registering a modest fall and lead and zinc rising slightly. Cash nickel added £22 to Wednesday's £31.50 rise. Cocoa prices were down for the third day in a row, chiefly on what dealers described as "disappointed long liquidation." The May futures position ended £10 down at £1,342.50 a tonne.

LME prices supplied by Amalgamated Metal Trading.

INDICES

REUTERS

Feb. 11	Feb. 10	M'th ago	Year ago
1612.2	1615.8	1594.0	1841.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 11	Feb. 10	M'th ago	Year ago
Spot	114.98	115.44	—	127.42
Fut	115.84	116.14	—	128.72

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Feb. 12 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1365/1385	+60	$1250/1270
Copper			
Cash Grade A	£895	-1	£908
3 mths	£909.25	-2.5	£923.75
Gold Troy oz	$401.25		$415.5
Lead Cash	£298.5	+3	£291.5
3 mths	£300.25	+2.5	£295.25
Nickel			
Free Mkt	186/186c	+1	158/178c
Palladium oz	$121.40	-1.6	$123.50
Platinum oz	$516.75	-9	$529.5
Quicksilver†	$170/180		$158/160
Silver troy oz	362.65p	-0.75	369.75
3 mths	372.10p	-0.70	379.65p
Tin			
Free Mkt	£4485/515	-15	£4550/580
Tungsten	$44.51		$41.44
Wolfram 22.04lb	$39/45		$35/45
Zinc	£481.5	+1	£490.25
3 mths	£477.5	+2	£488.25
Producers	$770/790		$820
OILS			
Coconut (Phil)	$412.5y	-5	$395
Palm Malayan	$342.5v	-2.5	$330
SEEDS			
Copra (Phil)	$285		$260
Soyabean (U.S.)	$140		$142
GRAINS			
Barley Fut. May	£118.50	+0.50	£112.65
Maize	£144.50		£143.00
Wheat Fut. May	£119.10	-0.65	£113.00
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1342.5	-10	£1402.5
Coffee Ft. May	£1569	+11.5	£1557.0
Cotton A Ind.*	66.55c	+0.25	66.60c
Gas Oil Apr.	$144	-3.75	$165.5
Rubber (kilo)	65.75p		66.75p
Sugar (raw)	$192y		$164.5
Wooltops 64s	418p kilo		421p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. y Feb-March. v April. z March-April.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	850-1	+29	854/849.5
3 months	852-3	+24.75	856/837

Official closing (am): Cash 851-2 (807-7.5), three months 853-4 (814-4.5), settlement 852 (807.5). Final kerb close: 853.5-854. Turnover: 51,475 tonnes.

COPPER

Grade A	Unofficial close	+ or —	High/Low
Cash	895.5-6.5	-1	905/904.5
3 months	909-9.5	-2.5	916.5/909

Official closing (am): Cash 904.5-5 (891.5-2), three months 914.5-5.5 (908-8.5), settlement 905 (892). Final kerb close: 908.5-909.

Standard			
Cash	865-5.5	+0.15	866/865
3 months	889-91	+1.25	890

Official closing (am): Cash 865-5.5 (862-3), three months 888-90 (905-7), settlement 865.5 (863). US Producer prices 64/67 cents per lb. Total turnover: 46,350 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	298-9	+3	299/298.5
3 months	300-0.5	+2.5	301/300

Official closing (am): Cash 298.5-8.75 (294-4.5), three months 300.5-1 (296-6.5), settlement 298.75 (294.5). Final kerb close: 300-300.5. Turnover 7,400 tonnes. US spot: 24/27 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2415-20	+22	2415/2405
3 months	2442-5	+13.5	2460/2435

Official closing (am): Cash 2410-5 (2390-2), three months 2440-4 (2425-6), settlement 2415 (2392). Final kerb close: 2440-2445. Turnover 702 tonnes.

TIN

KUALA LUMPUR TIN MARKET: Close 17.08 (17.15) ringgit per kg. Down 0.7 ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	481-2	+1	482/481.5
3 months	477-8	+2	482.5/477

Official closing (am): Cash 481-1.5 (475.5-6), three months 477-8 (473-4), settlement 481.5 (476). Final kerb close: 478-479. Turnover: 10,475 tonnes. US Prime Western: 38.5/44 cents per lb.

GOLD

Gold was unchanged from Wednesday's close in the London bullion market yesterday, finishing at $401-401½. The metal opened at $401¼-402¼ and traded between a high of $402¼-403¼ and a low of $400¾-401¾. Trading was generally dull and featureless with the dollar's lack of direction and higher US interest rates tending to keep many traders on the sidelines.

GOLD BULLION (fine ounce) Feb. 12

Close	$401-401½	(£263½-264)
Opening	$401¼-402¼	(£264¼-264¾)
M'n'g fix	$402.00	(£264.213)
Aft'n'n fix	$402.50	(£263.838)

GOLD AND PLATINUM COINS

Am Eagle	$409-414	(£269¼-272½)
Mapleleaf	$413½-418	(£272¼-275)
Kr'g'rnd	$404-407	(£265¾-267¾)
½ Krug	$204-205	(£134¼-135)
¼ Krug	$102½-103½	(£67½-68)
Angel	$390-395	(£256¾-260)
1/10 Angel	$44½-47½	(£29¼-31¼)
New Sov	$96½-97½	(£63½-64¼)
Old Sov	$96½-98	(£63½-64½)
$ 20 Eagle	$480-530	(£315¾-348¾)
Noble Plat	$535-542	(£352-356¾)

SILVER

Silver was fixed 0.75p an ounce lower for spot delivery in the London bullion market yesterday at 362.55p. US cent equivalents of the fixing levels were: Spot 551.1c, down 3.15c; three-month 558.65c, down 3.1c; six-month 568.25c, down 3.25c; and 12-month 586.75c, down 3.6c. The metal opened at 362½-364p (551-553c) and closed at 362-363½p (551-553c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	362.55p	-0.75	368.5p	—
3 months	372.10p	-0.70	372.5p	—
6 months	381.35p	-0.75	—	
12 months	400.05p	-0.95	—	

LME—Turnover: 0 (7) lots of 10,000 ounces. Three months final kerb 371-3p.

SOYABEAN MEAL

	Yest'rdy's close	+ or —	Business done
	£ per tonne		
Feb	—	—	—
April	123.0-124.5	-1.20	—
June	115.8-115.3	-1.50	115.0
August	112.1-112.5	-1.65	113.0-112.5
October	113.0-114.0	-2.00	114.5-114.0
Dec	115.5-116.2	-1.65	116.0
Feb	117.0-118.5	-1.75	—

Sales: 110 (98) lots of 20 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.21p per kg lw (-0.58). GB—Sheep 171.83p per kg est dcw (-15.07). GB—Pigs 77.08p per kg lw (-1.16).

FUTURES—Pigs: Feb 95.40, June 93.30, Aug 94.20, sales 5. Live cattle: Apr 99.00, June 96.30, Aug 96.50, sales 14.

COFFEE

With most houses preferring to await the outcome of the next ICO meeting, business was slack again, reports Drexel Burnham Lambert. Some physical offtake provided the market with short-covering which encountered commission house selling.

COFFEE	Yesterday's close	+ or —	Business Done
Mar	1558-1560	+16.5	1568-1530
May	1568-1570	+11.5	1568-1540
July	1587-1588	—	1585-1570
Sept	1610-1612	—	1610-1595
Nov	1637-1646	-4.0	1637-1625
Jan	1640-1664	-30.5	1665-1660
Mar	1660-1685	-2.5	1700-1680

Sales: 2,544 (3,380) lots of 5 tonnes. ICO indicator prices (US cents per pound) for February 11: Comp. daily 1979 115.36 (115.15); 15-day average 117.84 (117.93).

COCOA

Although unchanged at the opening, futures drifted lower in thin volume and closed quietly near the lows. Some limited consumer interest was seen around producer cargoes were thought unlikely to re-enter the market at present levels, reports Gill and Duffus.

COCOA	Yesterday's close	+ or —	Business done
	£ per tonne		
March	1313-1314	-9.0	1324-1315
May	1342-1343	-10.0	1355-1342
July	1371-1372	-9.0	1382-1371
Sept	1399-1400	-8.0	1408-1399
Dec	1422-1424	-8.5	1452-1423
March	1446-1450	-10.5	1456-1449
May	1468-1469	-11.5	1474-1468

Sales: 2,821 (4,212) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for February 12: 1525.04 (1538.80); 10-day average for February 13: 1540.84 (1541.39).

GRAINS

Old crop wheat, after recovering from initial losses, again struggled in later trading on country merchant and consumer selling. Barley firmed on aggressive shipper support, anticipating the EEC restitution result. New crops eased on commission house selling with merchant short-covering on the buy side, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or —	Yest'rdy's close	+ or —
Mar	118.10	-0.60	116.25	-0.25
May	119.10	-0.80	118.50	+0.50
July	121.50	-0.75	—	—
Sep	99.25	-0.10	98.45	+0.10
Nov	101.50	-0.15	100.95	-0.15
Jan	104.15	-0.10	103.90	-0.15
Mar	106.55	+0.05	106.15	—

Business done—Wheat: Mar 118.60-8.10, May 119.70, July 122.15-1.50, Sept 99.25, Nov 101.30-1.20, Jan 104.15-4.00, Mar 106.55-6.35. Sales: 257 lots of 100 tonnes. Barley: Mar 116.40-6.15, May 118.50-7.90, Sept 98.45-8.35, Nov 101.05-1.00, Jan 103.90, Mar 106.15. Sales: 320 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 113.00, S. West 115.00, W. Midlands 114.00, N. West 117.80. The UK monetary coefficient for the week beginning Monday February 16 is expected to change to 1.314.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent protein: March 100.50, April/May 100.00, May 100.00. US No 2 Soft Red Winter: March 103.25, July new crop 91.50. English feed, fob: Feb 120.00, March 122.50 paid, April/June 123.50-124.00, Sept 101.00-101.50 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East coast: 1st-half Feb 144.50. Barley: English feed, fob: Feb 117.00 buyer Scottish, 118.25 seller English, March 119.00-119.75 Scottish, 120 buyer English, April/June 122.00 buyer English, 121.50 buyer Scottish, Aug new crop 101.00 seller English.

POTATOES

With little fresh news the market traded nervously in thin volume. After initial gains, selling interest saw values slip back before short-covering prompted a small rally on the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	151.90	152.70	155.50-151.50
May	177.50	178.50	179.00-176.50
Nov	88.00	87.60	88.00
Feb	98.00	97.50	98.00
Apr	114.00	113.00	—

Sales: 611 (551) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened slightly easier, attracted some business through the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): Spot 66.75p (same); March 66.25p (same); April 66.25p (same). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 233.5 (234) and SMR 20 208 (208.5).

FUTURES—Index 681, March 680-690, April 682-692, April/June 685-695, July/Sept 686-705. Sales: Nil.

OIL

Forward Brent traded actively, especially in April. Prices opened lower, fluctuated during the day and closed even further down. March WTI traded 24c down on Nymex and traded 24c down at 1.30 EST. In the petroleum products market prompt gas oil remained weak with few buyers seen. Napthe was weaker in sympathy with gas oil—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Mar.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.40-16.50	-0.225
Brent Blend	17.25-17.30	-0.30
W.T.I. (1pm est)	17.80-17.85	-0.30
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	173-175	+1
Gas Oil	143-145	n/a
Heavy fuel oil	82-85	—
Naphtha	154-156	-1

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrdy's close	+ or —	Business Done
	US $ per tonne		
Mar	143.50	-3.00	147.50-43.50
Apr	144.00	-2.75	147.75-45.50
May	142.75	-2.25	145.50-42.50
June	143.00	-2.00	144.00-42.00
July	143.00	-2.00	143.00

Turnover: 6,306 (4,000) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close	+ or —	Business Done
	US $ per tonne		
Feb	—	—	—
Mar	84.00	-2.50	84.00
Apr	82.50	-2.50	82.50

Turnover: 10 (1) lots of 100 tonnes.

US MARKETS

DOLLAR STRENGTH coupled with bearish technicals kept the metals and energy futures under pressure for most of the day, reports Drexel Burnham Lambert. Good trade selling in gold futures was met by local short-covering before the downward pressure finally broke the support around $402.50, basis April, to touch off major stops as the market dropped sharply towards the close. The platinum, silver and copper markets were similarly on the defensive for most of the day before they too fell as support areas were penetrated. Trade buying at the lows featured in platinum futures. As with the metals, continuous trade selling in crude oil futures was reinforced by commission house and local selling. The only buying came from those short-covering to take profits. Physical oil prices weakened, also adding to downward pressure.

Early trade and commission house buying in sugar futures steadied prices but the rally stalled in the face of good scale-up trade price-fixing and values eroded as the trade and commission houses turned to selling. Support was uncovered at the lows. Dollar strength was also responsible for the overall easier tone in the grains. Commercial and technical selling continued in the maize futures, whilst technical selling and lack of physical demand in both the soyabean and soyabean oil markets weakened values. Technical selling continued in cattle futures whilst weaker cash prices pressured hogs.

COTTON 50,000 lb. cents/lb

	Close	Prev	High	Low
March	57.98	58.85	57.95	56.50
May	56.85	56.15	57.00	55.90
July	56.15	55.16	56.60	55.30
Oct	55.36	54.43	55.60	54.56
Dec	54.50	54.25	55.30	54.20
March	55.05	54.80	55.30	54.80
May	55.50	55.30	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
March	48.30	47.98	48.50	47.25
April	46.05	47.98	46.15	47.10
May	47.70	47.33	47.85	46.80
June	47.20	47.01	47.25	46.25
July	46.47	47.05	47.15	46.50
August	47.10	47.90	47.93	47.00
Sept	48.00	48.35	48.45	47.75

ORANGE JUICE 15,000 lb. cents/lb

	Close	Prev	High	Low
March	122.40	122.25	122.50	121.75
May	121.70	124.00	122.50	121.15
July	123.90	125.60	125.00	124.35
Sept	125.60	125.70	125.55	125.15

PLATINUM 50 troy oz. $/troy oz

	Close	Prev	High	Low
Feb	504.2	519.2	—	—
April	505.7	521.7	522.5	505.0
July	510.1	526.9	526.2	508.0
Oct	514.1	528.8	525.0	512.5
Jan	522.8	537.3	—	—

SILVER 5,000 troy oz. cents/troy oz

	Close	Prev	High	Low
Feb	544.5	552.8	551.5	551.5
April	550.0	554.8	556.5	545.0
May	552.0	560.4	561.0	551.0
July	555.3	565.8	565.0	554.5
Sept	564.2	573.3	572.0	566.0
March	582.5	592.1	582.0	588.0
May	589.8	595.8	—	—
July	595.5	605.4	609.0	599.0

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	Prev	High	Low
March	7.70	7.80	8.00	7.69
May	7.90	8.13	8.15	7.89
July	8.00	8.29	8.23	7.98
Sept	7.98	8.16	8.18	8.06
Oct	8.09	8.35	8.28	8.06
Jan	8.41	8.35	8.30	8.30
March	8.44	8.52	8.55	8.41

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	Prev	High	Low
Feb	57.40	56.70	—	—
March	57.40	56.70	58.35	57.20
May	57.50	56.90	58.30	57.10
July	57.50	56.90	57.60	57.00
Sept	57.20	56.90	57.00	57.00
Dec	50.65	50.05	—	—
March	57.55	57.25	—	—
May	57.65	57.35	—	—

COCOA 10 tonnes. $/tonnes

	Close	Prev	High	Low
March	1805	1835	1830	1803
May	1853	1874	1870	1847
July	1883	1906	1900	1881
Sept	1912	1933	1925	1910
Dec	1944	1960	1957	1945
March	1972	1991	1985	1976
May	1994	2015	—	—

COFFEE "C" 37,500 lb. cents/lb

	Close	Prev	High	Low
March	123.78	123.38	124.20	123.25
May	126.05	125.80	126.45	125.70
July	128.08	127.81	128.50	128.00
Sept	130.35	130.40	131.00	130.20
Dec	132.06	132.05	132.90	132.20
March	132.90	133.25	—	—
May	133.02	134.28	—	—

COPPER 25,000 lb. cents/lb

	Close	Prev	High	Low
Feb	60.90	61.00	—	—
March	60.90	61.15	61.65	60.85
May	61.30	61.60	61.05	61.20
July	61.70	62.05	62.35	61.55
Sept	62.05	62.45	62.65	62.20
Dec	60.45	60.15	60.45	60.30
March	63.20	63.70	63.90	63.55
May	63.65	64.05	64.10	64.10
July	64.00	64.40	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
March	17.95	18.06	18.15	17.75
April	17.84	17.98	17.98	17.61
May	17.74	17.86	17.93	17.57
June	17.56	17.74	17.82	17.50
July	17.61	17.64	17.66	17.47
August	17.60	17.60	17.60	17.50
Sept	17.57	17.62	17.70	17.48
Oct	17.60	17.65	17.65	17.60
Dec	17.75	17.75	18.00	17.75

GOLD 100 troy oz. $/troy oz

	Close	Prev	High	Low
Feb	395.3	402.4	403.0	395.0
March	396.2	403.4	403.0	402.0
April	398.3	405.5	406.2	397.0
June	402.1	409.8	410.0	400.5
August	406.0	413.7	412.8	404.5
Oct	409.7	417.5	416.2	408.0
Dec	413.6	421.5	422.0	412.0
Feb	417.6	425.6	427.0	416.0
June	425.8	434.0	—	—
Dec	439.3	447.9	446.5	446.5

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
Feb	62.70	63.02	63.60	62.50
April	61.77	62.85	63.27	61.70
June	59.70	60.75	61.25	59.65
Aug	57.47	58.35	58.65	57.45
Oct	56.55	57.37	57.70	56.50
Dec	57.05	57.55	57.75	56.85
Feb	56.40	57.00	57.50	56.40

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
Feb	48.30	48.97	49.10	48.25
April	43.05	44.02	44.00	43.00
June	45.10	45.97	46.05	45.00
July	45.50	46.02	46.10	45.32
Aug	43.05	43.50	43.80	43.02
Oct	39.20	39.52	39.85	39.20
April	38.17	38.25	38.40	38.17

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	Prev	High	Low
March	144.2	148.6	148.4	145.0
May	152.2	156.2	155.4	152.0
July	156.2	160.2	159.4	156.0
Sept	159.2	162.2	161.4	158.3
Dec	166.0	167.6	167.0	164.4
March	172.4	175.4	174.4	172.0
May	175.0	178.2	177.0	174.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
Feb	62.12	64.12	64.65	62.12
March	60.30	62.30	62.90	60.30
May	60.10	62.10	62.82	60.10
July	59.57	61.06	61.75	59.55
Aug	58.22	59.37	59.65	58.20

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	486.6	492.6	492.5	486.4
May	485.6	490.6	490.4	485.0
July	484.2	489.4	488.6	483.4
Aug	481.6	486.6	485.4	481.4
Sept	472.2	476.4	475.0	470.4
Nov	468.0	473.4	472.6	466.3
Jan	474.0	479.4	476.0	473.0
March	480.4	485.4	483.4	479.0
May	484.0	488.4	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	143.8	144.7	144.6	143.4
May	138.2	139.2	138.9	137.6
July	136.4	137.9	137.5	135.6
Aug	135.3	137.6	136.8	135.3
Sept	135.2	136.6	136.0	134.8
Oct	133.6	135.5	135.4	133.5
Dec	134.5	136.0	135.9	133.7
Jan	135.0	136.7	136.7	135.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
March	15.81	16.17	16.18	15.80
May	16.14	16.49	16.52	16.12
July	16.43	16.77	16.80	16.42
Aug	16.48	16.82	16.87	16.48
Sept	16.54	16.87	16.80	16.53
Oct	16.61	16.88	16.90	16.56
Dec	16.60	16.92	16.94	16.60
Jan	16.47	16.85	16.45	16.50

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	272.4	278.2	278.2	272.0
May	263.2	266.6	267.0	263.0
July	249.0	252.2	252.0	248.4
Sept	249.0	251.6	251.6	248.6
Dec	254.6	257.6	258.0	254.4
March	272.4	278.2	278.2	272.0

SUGAR

LONDON DAILY PRICE—Raw sugar $192.00 (£126.50), unchanged (up 50p) a tonnes for February-March delivery. White sugar $203.00, down 50c.

No. 6 Contract	Y'sterdy's close	Previous close	Business done
	$ per tonne		
Mar	173.2-173.8	179.4-178.8	179.0-172.0
May	176.4-176.8	181.6-181.8	182.0-174.8
Aug	179.0-179.6	185.0-185.6	185.8-178.8
Oct	180.2-180.6	184.2-184.6	184.4-180.0
Dec	181.0-182.0	187.0-188.8	—
Mar	186.0-186.2	189.2-190.2	189.4-187.4
May	188.0-189.2	191.0-192.0	—

Sales: 3,287 (4,631) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £232.00 (same) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for February 11: Daily price 7.58 (7.49); 15-day average 7.39 (7.32).

FREIGHT FUTURES

The main price movement occurred overnight and the market opened 5 points higher. Levels remained static for the rest of the day on lack of follow-through, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	780	781/779	775/776
July	665/667	665	662/663
Oct.	774/778	775	771/772
Jan.	790/800	—	775/779
Apr.	795/805	—	790/805
July	680/690	—	690
Oct.	790/795	—	780/795
Jan.	830	—	830/840
BFI.	856	—	863.5

Turnover: 122 (62).

Australian cane fields need rain

SOME AUSTRALIAN sugarcane areas badly need rain, although falls this month have relieved moisture stress on the growing crop in most areas, the Australian Sugar Producers Association said.

As a result of this month's rains, cane in most mill areas along the Queensland coast is not as badly stressed as it was during an unprecedented dry spell from mid-December to the end of January. Reuter reports.

Nevertheless, good soaking rain in the form of the normal wet season is needed for crop development even in those areas, mainly in the north, that did get reasonable falls, the association said.

Some mill areas are reporting cane growth between 10 per cent and 15 per cent below normal, but in others it is too difficult to estimate the loss of growth because no such dry spell has occurred before.

It is still considered too early to estimate the overall effect of the drought on the 1987 crop. Sugar cane is noted for its ability to recover from adverse conditions.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up from day's low

THE DOLLAR fell quite sharply on news of a record fall in US retail sales but managed to recover to finish above the day's low. January retail sales fell by 5.8 per cent, considerably more than the market expected and in sharp contrast to December's revised increase of 4.6 per cent. However much of this was due to a fall in car sales, marking the end of an intensive sales campaign, and the non-auto element fell by a more modest 0.1 per cent after a rise of 1.1 per cent in December.

The dollar's recovery seemed to stem from renewed speculation about a G-5 meeting and a firmer tone to PS interest rates. The latter was taken by some to indicate the authorities' support for the dollar at current levels.

However others were more sceptical and suggested that the authorities were likely to try to keep the dollar steady only in order to assess the effects of its depreciation so far on the trade balance. They were quick to point out that the US administration was unlikely to tie itself to trading zones or any similar instrument of restraint if they felt that other G-5 nations were not pulling their weight in trying to reduce the US trade deficit. In effect it was suggested that the authorities were stalling for time.

The dollar finished on a firm note as dealers took no chances and covered positions. It closed at DM 1.8245 up from DM 1.8165 and Y154.05 compared with Y153.65. Elsewhere it rose to SFr 1.5420 from SFr 1.5390 and FFr 6.07 from FFr 6.05. On Bank of England figures, the dollar's exchange rate index rose from 104.0 to 104.1.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. January average 1.5071. Exchange rate index 68.7 against 68.5 at the opening and Wednesday's close. The six months ago figure was 71.4.

Sterling benefited from the dollar's late improvement but was generally ignored for much of the day. The latest opinion poll gave the Conservative Party a three-point lead and this may have helped sentiment. Figures for average earnings and unemployment were in line with expectations. The pound closed at $1.5195 from $1.5235 but improved against the D-Mark to DM 2.7725 from DM 2.7675 and FFr 9.2250 compared with FFr 9.2175. It was slightly weaker against the yen at Y234.0 from Y234.1 and SFr 2.3425 from SFr 2.3450.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. January average 1.8568. Exchange rate index 148.7 against 138.9 six months ago.

The D-Mark was confined to a narrow range during the morning in Frankfurt, awaiting the dollar's response to economic data due for release in the afternoon. The US unit was fixed at DM 1.8149 from DM 1.8155 and there was no intervention by the Bundesbank. News of a 5.8 per cent fall in US retail sales in January was higher than expected although the 0.1 per cent fall in non auto sales was a little better than most forecasts.

News of an unchanged West German GNP in the fourth quarter had little effect nor did a small contraction in money supply growth in January to 7½ per cent since this was still beyond the official target range of 3-6 per cent. The dollar closed at DM 1.8165 from DM 1.8185.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. January average 154.62. Exchange rate index 208.3 against 217.9 six months ago.

The yen was little changed against its overnight New York level in Tokyo. The dollar closed at Y153.85 compared with Y153.95 in New York. Trading was slow because dealers were cautious about how the dollar was likely to move in the near term. Some dealers suggested that the uncertainty would not pass until the US administration could see the effects of the dollar's recent fall on the US balance of payments.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.6546	+0.46	+0.46	±1.5344
Danish Krone	7.85212	7.78068	−0.91	−0.91	±1.6404
German D-Mark	2.05853	2.06125	+0.13	+0.13	±1.0981
French Franc	6.90403	6.86063	−0.63	−0.63	±1.3674
Dutch Guilder	2.31943	2.32591	+0.28	+0.28	±1.5012
Irish Punt	0.768411	0.775070	+0.87	+0.87	±1.6684
Italian Lira	1483.58	1467.25	−1.10	−1.10	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb 12	Latest	Previous Close
£ Spot	1.5235-1.5245	1.5175-1.5185
1 month	0.53-0.52 pm	0.53-0.52 pm
3 months	1.62-1.59 pm	1.62-1.59 pm
12 months	5.63-5.13 pm	5.65-5.55 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

Feb. 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5143-1.5250	1.5190-1.5200	0.54-0.51 c pm	4.15	1.63-1.58 pm	4.23
Canada	2.0409-2.0496	2.0445-2.0455	0.62-0.53 c pm	3.37	1.75-1.60 pm	3.28
Neth'lands	3.11¼-3.13¼	3.12½-3.13¼	1½-1¼ c pm	5.28	4⅜-4⅛ pm	5.44
Belgium	57.03-57.40	57.30-57.40	15-11 c pm	2.72	44-36 pm	2.79
Denmark	10.42-10.45¼	10.42¾-10.43¼	1¼-½ ore dis	0.43	1⅛-par pm	0.34
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	194.95-195.78	195.50-195.70	16-47 c dis	−1.93	60-98 dis	−1.62
Italy	1960¾-1972	1971-1972	3pm-1 lire dis	0.61	4-par	0.41
Norway	10.61¼-10.65½	10.62-10.63	2½-3⅞ ore dis	−3.60	10⅛-11⅜ dis	−4.12
France	9.18-9.23	9.22-9.23	2-1⅛ c pm	2.20	5¼-4½ pm	2.22
Sweden	9.86½-9.89½	9.86¾-9.87¾	⅛-1⅛ ore dis	−0.76	¼pm-1⅛ dis	−0.18
Japan	233¾-234½	233½-234½	1⅜-1¼ y pm	6.41	3⅞-3⅝ y pm	6.41
Austria	19.38-19.43	19.38-19.41	9⅞-8¾ gro pm	5.76	28⅞-26½ pm	5.71
Switzerland	2.33¼-2.34¾	2.33¾-2.34¾	1½-1¼ c pm	7.04	4¼-4 pm	7.04

Belgian rate is for convertible francs. Financial franc 57.85-57.95. Six-month forward dollar 3.02-2.97 c pm 12-month 5.60-5.50 c pm.

STERLING INDEX

			Feb. 12	Previous
8.30	am	......	68.5	68.7
9.00	am	......	68.6	68.6
10.00	am	......	68.6	68.6
11.00	am	......	68.6	68.7
Noon		......	68.5	68.7
1.00	pm	......	68.5	68.7
2.00	pm	......	68.6	68.6
3.00	pm	......	68.7	68.7
4.00	pm	......	68.7	68.5

CURRENCY RATES

Feb. 12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.831579	0.747034
U.S. Dollar	5.5	1.26425	1.13587
Canadian $	8.20	*	1.52797
Austrian Sch.	4	16.1457	14.5005
Belgian Franc	8½	47.4979	42.6546
Danish Krone	7	8.67276	7.78068
Deutsche Mark	3.0	2.29449	2.06125
Neth. Guilder	4½	2.59108	2.32591
French Franc.	9½	N/A	6.86063
Italian Lira	12	N/A	1467.25
Japanese Yen	3.0	194.442	174.412
Norway Krone	8	8.84596	7.93686
Spanish Peseta	—	162.203	145.788
Swedish Krona	7½	8.21383	7.36609
Swiss Franc.	3.5	1.94252	1.74526
Greek Drach.	20½	N/A*	151.672
Irish Punt	—	0.862675	0.775070

*C$/SDR rate for Feb. 11; 1.70010

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Feb. 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5143-1.5250	1.5190-1.5200	0.54-0.51c pm	4.15	1.63-1.58 pm	4.23
Ireland†	1.4530-1.4730	1.4560-1.4570	0.90-0.85c pm	7.39	2.72-2.60 pm	7.49
Canada	1.3420-1.3455	1.3445-1.3455	0.07-0.10c dis	−0.76	0.31-0.36 dis	−1.00
Netherlands	2.0350-2.0670	2.0585-2.0595	0.20-0.17c pm	1.08	0.66-0.61 pm	1.24
Belgium	37.36-37.80	37.70-37.80	4-5c dis	−1.44	12-15 dis	−1.44
Denmark	6.84-6.86¾	6.86¼-6.86¾	1.80-2.70ore dis	−3.94	6.30-7.20 pm	−3.94
W. Germany	1.8020-1.8320	1.8240-1.8250	0.34-0.31pf pm	2.15	1.06-1.01 pm	2.28
Portugal	140¼-141½	141-141½	100-150c dis	−10.64	320-400 dis	−10.22
Spain	127.75-128.80	128.50-128.60	55-65c dis	−5.61	175-190 dis	−5.69
Italy	1283-1299	1297¼-1297¾	3¼-4½lire dis	−3.60	12-13½ dis	−2.40
Norway	6.97½-7.01	6.99-6.99½	4.15-4.85ore dis	−7.74	14.40-15.10dis	−8.46
France	6.00¾-6.07½	6.04¾-6.07¼	0.90-1.10c dis	−1.99	3.00-3.30 dis	−2.09
Sweden	6.48¼-6.51	6.49½-6.50	2.40-2.90 ore dis	−1.07	6.95-7.55 dis	−4.80
Japan	153.20-154.30	154.00-154.10	0.28-0.25y pm	2.07	0.88-0.83 pm	2.23
Austria	12.71¼-12.88¼	12.86-12.86½	1.90-1.50gro pm	1.60	5.25-4.25 pm	1.49
Switzerland	1.5250-1.5500	1.5415-1.5425	0.20-0.35c dis	2.15	1.14-1.10 pm	2.92

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.05-38.15.

CURRENCY MOVEMENTS

February 12	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.7	−25.5
U.S. Dollar	104.1	−2.7
Canadian Dollar	77.8	−11.1
Austrian Schilling	139.7	+10.8
Belgian Franc	100.9	−3.5
Danish Krone	94.3	+4.8
Deutsche Mark	148.7	+22.7
Swiss Franc	171.0	+21.4
Guilder	135.8	+15.1
French Franc	72.5	−12.0
Lira	48.7	−16.1
Yen	208.3	+56.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EURO-CURRENCY INTEREST RATES

Feb. 12	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10⅞-11⅛	10⅞-11⅛	11-11⅛	10⅞-11	10⅞-10⅞	10⅞-10⅞
U.S. Dollar	6⅝-6⅞	6¼-6⅜	6⅜-6½	6⅞-6⅝	6⅞-6⅝	6½-6⅝
Can. Dollar	6¼-6½	6¾-7	7-7⅛	7⅛-7⅜	7⅞-7⅝	7⅞-7⅞
D. Guilder	5-5⅛	5⅞-5⅞	5¼-5⅜	5¼-5⅜	5⅞-5⅞	5⅞-5⅝
Sw. Franc	1¼-1½	1⅛-1⅜	3⅞-3⅞	3⅞-3⅞	3⅞-3⅞	3⅞-3⅞
Deutschmark	3⅞-4⅛	3⅞-4⅛	4-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4¼
Fr. Franc	8⅛-8⅜	8¼-8⅜	8⅞-8⅞	8⅞-8⅞	8⅝-8⅞	8¼-8⅞
Italian Lire	9-12	9½-10½	9⅛-10½	10-10½	10-10½	10-10½
B. Fr. (Fin.)	8⅜-8⅝	7¾-8	7⅝-7⅞	7⅝-7⅞	7½-7¾	7½-7¾
B. Fr. (Con.)	8¼-8⅝	8¼-8¼	7⅞-8⅛	7⅞-8⅛	7¾-8¼	7¾-8¼
Yen	4⅛-4⅛	4⅞-4⅞	4¼-4⅞	4¼-4⅞	4⅛-4⅞	4⅛-4⅞
D. Krone	11-11½	11-11½	11-11½	10⅞-11⅛	10⅞-11⅛	10⅞-11⅛
Asian $ (Sing.)	2¼-2½	N/A	3⅞-3⅝	3¼-3⅜	3⅜-3½	3⅝-3¾

Long-term Eurodollars: Two years 6⅞-7⅛ per cent; three years 7⅛-7⅜ per cent; four years 7⅞-7⅞ per cent; five years 7⅝-7⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Feb. 12	£	$
Argentina	2.0620-2.0695	1.3540-1.3580
Australia	2.2820-2.2850	1.4990-1.4500
Brazil	26.7165-26.8680	17.5420-17.6300
Finland	6.9055-6.9250	4.5380-4.5400
Greece	200.80-204.60	133.20-134.60
Hong Kong	11.8590-11.8695	7.7890-7.7910
Iran	111.10*	73.25*
Korea (Sth)	1294.15-1305.90	852.90-859.90
Kuwait	0.42140-0.42200	0.27680-0.27700
Luxembourg	57.30-57.40	37.70-37.80
Malaysia	3.8685-3.8740	2.5410-2.5430
N. Zealand	2.7995-2.8070	1.8390-1.8430
Saudi Ar.	5.7095-5.7195	3.7500-3.7510
Singapore	3.2565-3.2620	2.1390-2.1410
S. Af. (Cm)	3.1470-3.1690	2.0670-2.0715
S. Af. (Fn)	6.2155-6.4805	4.0815-4.2556
Taiwan	52.85-52.10	34.95-35.05
U.A.E.	5.5915-5.5965	3.6725-3.6735

* Selling rate.

EXCHANGE CROSS RATES

Feb. 12	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.520	2.773	234.0	9.225	2.343	3.128	1972.	2.045	57.35
$	0.658	1.	1.825	154.1	6.070	1.542	2.059	1298.	1.346	37.75
DM	0.361	0.548	1.	84.40	3.327	0.845	1.128	711.1	0.738	20.69
YEN	4.274	6.494	11.85	1000.	39.42	10.01	13.37	8425	8.739	245.1
F Fr.	1.084	1.647	3.005	253.7	10.	2.539	3.390	2137.	2.217	62.17
S Fr.	0.427	0.649	1.184	99.89	3.938	1.	1.335	841.6	0.873	24.48
H Fl.	0.320	0.486	0.886	74.82	2.950	0.749	1.	630.4	0.654	18.34
Lira	0.507	0.771	1.406	118.7	4.679	1.188	1.586	1000.	1.037	29.09
C $	0.489	0.743	1.356	114.4	4.511	1.145	1.529	964.1	1.	28.04
B Fr.	1.744	2.650	4.834	408.0	16.09	4.085	5.453	3438.	3.566	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Quiet but nervous trading

TRADING WAS relatively quiet on the London International Financial Futures Exchange yesterday. The market in dollar and sterling denominated contracts was dominated by events in the US, particularly the sharp fall in January retail sales. Most forecasters expected a large fall of about 4.5 per cent to 5.0 per cent, but were surprised by the record drop of 5.8 per cent.

This was strongly influenced by the level of car sales however. Excluding car sales retail sales fell only 0.1 per cent, against a rise of 1.1 per cent in December, when the total rise for the whole economy was a revised 4.6 per cent.

Traders described the market as rather like walking a tightrope, because of conflicting influences.

A sharp fall in the retail sales figure would in recent months have been a bullish signal, leading to speculation about an easing of the Federal Reserve's credit policy, but the weaker dollar has changed sentiment.

Fears now centre on a rise in US interest rates, and any sign of weakness in the economy increases these fears, as it also points towards a further decline in the value of the dollar.

March delivery US Treasury bond futures opened weaker at 98-14 on Liffe, and fell to a low of 98-13, before recovering on the retail sales announcement. It touched a peak of 98-27, before closing at 98-23, little changed from the previous close of 98-21.

Traders said that sentiment in Eurodollar futures was slightly better than of late, but the market remained nervous of tighter US credit policy. March three-month Eurodollars opened and closed at 93.50, compared with 93.48 on Wednesday.

Long term gilt futures for March delivery were relatively quiet, trading around 15,000 contracts.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
106	9.52	10.09	0.00	0.07
108	7.52	8.18	0.00	0.16
110	5.52	6.34	0.00	0.32
112	3.52	4.61	0.00	0.59
114	1.59	3.40	0.07	1.38
116	0.33	2.30	0.45	2.28
118	0.05	1.42	2.17	3.40
120	0.00	1.03	4.12	5.01

Estimated volume total, Calls 731 Puts 352
Previous day's open int: Calls 18,794 Puts 11,809

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	8.46	7.59	0.00	0.13
92	6.46	6.10	0.00	0.28
94	4.46	4.37	0.00	0.55
96	2.50	3.14	0.04	1.32
98	1.07	2.09	0.25	2.27
100	0.11	1.17	1.29	3.35
102	0.01	0.51	3.19	5.05
104	0.00	0.28	5.18	6.46

Estimated volume total, Calls 53 Puts 25
Previous day's open int: Calls 1,042 Puts 609

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Feb	Calls—Last Mar	Puts—Last Feb	Puts—Last Mar
17250	17.50	17.71	0.00	0.21
17500	15.00	15.37	0.00	0.37
17750	12.50	13.13	0.00	0.63
18000	10.00	11.01	0.00	1.01
18250	7.52	9.06	0.02	1.56
18500	5.13	7.06	0.13	2.06
18750	3.02	5.72	0.52	3.22
19000	1.50	4.35	1.50	5.35

Estimated volume total, Calls 2, Puts 10
Previous day's open int, Calls 349 Puts 441

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Feb.	Mar.	Apr.	June	Puts—Last Feb.	Mar.	Apr.	June
1.30	22.10	22.10	—	22.10	0.00	0.00	—	0.14
1.35	17.10	17.10	—	17.10	0.00	0.00	—	0.45
1.40	12.10	12.10	12.10	12.10	0.00	0.01	0.14	1.15
1.45	7.10	7.10	7.10	7.54	0.00	0.21	0.70	2.49
1.50	2.10	2.63	3.33	4.15	0.00	1.08	2.27	4.10
1.55	0.00	0.59	1.27	2.67	2.93	4.04	5.21	7.62
1.60	0.00	0.06	0.36	1.39	7.93	8.51	9.30	11.34

Estimated volume total, Calls 85 Puts 15
Previous day's open int, Calls 1,293 Puts 1,856

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Feb.	Mar.	April	June	Puts—Last Feb.	Mar.	April	June
1.35	15.70	15.70	—	13.90	0.25	0.25	—	0.80
1.40	12.30	12.30	12.30	12.30	0.30	0.30	0.30	0.80
1.45	7.30	7.30	7.30	7.50	0.30	0.45	0.80	1.80
1.50	2.30	2.85	3.35	4.10	0.30	1.25	2.15	3.80
1.55	0.25	0.80	1.30	2.05	3.30	4.15	5.05	6.85
1.60	0.25	0.25	0.50	1.00	8.30	8.50	9.35	10.70
1.65	—	1.50	—	1.90	—	20.20	—	21.40

Previous day's open int: Calls 593 Puts 427
Volume: 16

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Feb.	Mar.	Apr.	June	Puts—Last Feb.	Mar.	Apr.	June
1.30	1.90	—	—	—	—	—	—	—
1.35	6.90	6.90	—	6.90	—	—	—	0.20
1.40	11.90	11.90	1.10	11.90	—	0.05	0.05	0.50
1.45	6.90	6.90	6.60	7.10	—	0.15	0.55	1.60
1.50	2.30	—	—	—	0.05	—	—	—
1.55	—	2.65	3.15	3.80	2.50	0.90	2.05	3.20
1.60	—	—	—	—	7.60	—	—	—

Previous day's open int: Calls 58,008 Puts 43,602
Previous day's volume, Calls 1204 Puts 3114

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

[illegible]

LONDON

[illegible]

CHICAGO

[illegible]

CURRENCY FUTURES

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Vol.	Last	Vol.	Last	Vol.	Last	Stock
[illegible]							
HEINEKEN C Fl.160	108	4.50	31	7.50	24	9.10	Fl.156.50
HEINEKEN P Fl.160	46	7.10	118	9.50	—	—	"
HOOGOVENS C Fl.35	265	2.10	203	3.30	21	4.40	Fl.34
HOOGOVENS P Fl.30	69	0.60	98	1.70B	2	3	"
KLM C Fl.40	1113	2.90	382	4.40	34	5.20	Fl.41.60
KLM P Fl.40	334	1.30	95	2.50	31	3.50	"
NAT. NED C Fl.75	144	2.20	22	3.50	47	4.70	Fl.73.30
NAT. NED. P Fl.75	47	3.40	20	5	—	—	"
PHILIPS C Fl.50	1772	0.80	937	2.10	260	3.10	Fl.46.50
PHILIPS P Fl.40	422	0.40A	275	1	22	1.50	"
ROYAL DUTCH C Fl.220	725	3.50	127	5.30	104	7	Fl.217
ROYAL DUTCH P Fl.220	470	5.70	24	13.50	—	—	"
ROBECO P Fl.95	8	1.50	—	—	—	—	Fl.97.20
UNILEVER C Fl.520	247	9	15	17	—	—	Fl.503.50
UNILEVER P Fl.480	95	5.40	7	12	14	15.10	"

TOTAL VOLUME IN CONTRACTS: For 12/2/87 34,184

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mint Credit Corp. Ltd.	11
Allied Arab Bk Ltd.	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk.	11	Comm. Bk. N. East	11	Northern Bank Ltd.	11
Amro Bank	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd.	12
Associates Cap Corp.	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd.	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd.	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Credit & Comm.	11	First Nat. Fin. Corp.	11½	Trustee Savings Bk	11
Bank of Cyprus	11	First Nat. Sec. Ltd.	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs.	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst.	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd.	11		
Cayzer Ltd	11	Meghraj & Sons Ltd.	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¾% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 11, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

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ECU=$US1.13738 SDR1=$US1.26604
As of February 11, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	6⅝	6⅝
Sibor:	6⅝	6⅝

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]								

MONEY MARKETS

Slightly firmer

A SLIGHT firming of longer term rates was the main feature in dull trading on the London money market yesterday.

Dealers commented that at least one clearing bank was showing enthusiasm for issuing longer dated paper, in the belief that borrowing levels of around 10½ per cent for one-year funds was attractive.

Hopes of an early cut in bank base rates have faded, with dealers suggesting that next month's Budget might not bring lower rates unless the Government intends an election in the late spring or early summer.

UK clearing bank base lending rate 11 per cent since October 15

News of a rise of 7.4 per cent in UK average earnings in the year to December were in line with expectations and had no impact.

Three-month sterling interbank closed unchanged at 11-10⅞ per cent, but one-year sterling certificates of deposit rose to 10⅝-10½ per cent from 10⅞-10⅞ per cent.

The Bank of England forecast a money market shortage of £700m, and provided total help of £681m.

Before lunch the authorities bought £436m bills outright, by way of £4m bank bills in band 1 at 10⅞ per cent; £418m bank bills in band 2 at 10⅞ per cent; and £14m bank bills in band 3 at 10¾ per cent.

In the afternoon another £245m bills were purchased outright by the Bank of England, through £180m bank bills in band 2 at 10⅞ per cent; £53m bank bills in band 3 at 10¾ per cent; and £12m bank bills in band 4 at 10⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £573m, with Exchequer transactions absorbing £65m; a rise in the note circulation £30m;; and bank balances below target £25m.

The average mid-market rate for the remaining period of the temporary facilities supplied by the authorities was 11⅛ per cent.

In Paris the Bank of France intervened to add liquidity to the banking system through purchases of first category paper, at an unchanged rate of 8 per cent. Mr Daniel Lebegue, French Treasury Minister, said earlier this week that he did not believe the time was ripe for lower interest rates. Current levels are required to encourage a return to France of the capital which left before last month's realignment of the European Monetary System. Dealers were not surprised at the lack of change in the intervention rate when Paris call money rose to 7⅞-8⅛ per cent from 7⅞-8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 12) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅝	Offer 6 ⅝	bid 6 ⅝	Offer 6 ⅝

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

LONDON MONEY RATES

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¼	97½	Exch. 10½pc 1987	99⅞	......	10.51	10.86
100⅓₂	93⅝	Funding 6½pc 85-87	99⅛	......	6.54	9.47
101⅛	96⅞	Treas. 10pc 1987	99⅞	......	10.03	10.65
98⅛	90⅞	Treas 3pc 1987	98⅛	+⅛	3.06	7.61
104½	99⅝	Treas. 12pc 1987	101⅛	......	11.87	10.28
99⅝	92⅞	Treas 7¾pc 1985-88‡‡	98⅞	+⅛	7.88	9.54
104	96⅛	Exch 10½pc '88	100⅛	......	10.48	10.32
102⅝	95⅞	Treas 9¾pc Cv '88	99⅞	–⅛	9.83	10.39
94⅞	86⅛	Transport 3pc '78-88	94⅛	......	3.18	7.46
102½	93⅞	Treas. 9½pc '88	98⅛	–⅛	9.64	10.41
107⅞	98⅞	Treas 11½pc 1989	102⅛xd	......	11.26	10.32
103½	93⅛	Treas 9½pc Cnv 1989	98⅞	......	9.66	10.35
92⅞	82⅞	Treas 3pc 1989	90⅝	+⅛	3.31	7.61
105⅞	95⅞	Treas 10½pc 1989	100⅞	......	10.46	10.31
104⅞	94⅛	Exch 10pc 1989	99⅞	......	10.07	10.31
107⅞	97	Exch 11pc 1989	101⅞	......	10.85	10.37
93⅞	84½	Treas 5pc 1986-89	91⅛	......	5.48	8.72
110⅞	94⅝	Exch 10¼pcCv '89	101⅞	+⅛	10.09	9.56
114⅞	103⅞	Treas 13pc 1990‡‡	106⅞	–⅛	12.17	10.21
108⅝	97½	Exch 11pc 1990‡‡	101⅞	–⅛	10.80	10.25
113⅛	101⅞	Exch. 12½pc 1990	105⅞	–⅛	11.82	10.28
89⅞	79⅝	Treas. 3pc 1990	86⅞	+⅛	3.47	7.83
100⅞	89⅛	Treas 8¼pc 1987-90‡‡	96	......	8.59	9.67
106⅞	93	Treas. 10pcCv 1990	99⅞	–⅛	10.08	10.24
86⅞	76⅛	Exch 2½pc 1990	83⅝	+⅛	3.00	7.65
112⅞	99⅞	Treas 11¾pc 1991	104⅞	–⅛	11.23	10.26
94⅝	83⅛	Funding 5¾pc '87-91‡‡	89	......	6.52	9.24
86⅛	79⅞	Treas. 3pc 1991	82⅛	......	3.65	8.01
101⅞	95⅞	Treas 10pc Cv '91	100⅞	–⅛	9.91	9.75
110⅝	96⅞	Exch. 11pc 1991	102⅞	–⅛	10.69	10.19
118⅞	103⅝	Treas 12¾pc 1992‡‡	109⅞	–⅛	10.60	10.15
		Five to Fifteen Years				
107⅝	92⅞	Treas 10pc 1992	99⅞xd	......	10.04	10.09
109⅝	94⅞	Treas 10½pc Cv 1992‡‡	101½	+⅛	10.34	10.10
117⅝	101⅞	Exch. 12¾pc '92	108⅞xd	–⅛	11.28	10.18
123⅝	106⅞	Exch 13½pc 1992	113⅞	+⅛	11.89	10.26
108	93⅞	Treas 10pc 1993‡‡	99⅞	+⅛	10.06	10.12

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
232	180	Abelscot Group 10p	224	.....	3.2	—	2.0	—
50	10	Aberdeen Am Pet 10p	34	.....				
120	113	Allied Ins. Brokers	118	.....	L3.5	2.5	4.2	13.7
54	36	Catalyst Comm. 5p	46	.....	—	—	—	—
62	50	Corton Beach 10p	53	.....	—	—	—	26.4
63	10	Eglinton Oil Ir.5p	54	–4	—	—	—	—
41	8	Do. Warrants	34	–1	—	—	—	—
55	47	Theme Holdings	50	+2	—	—	—	
133	118	Unit Group	119	.....	R4.6	2.5	5.4	(8.5)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ◆ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	70	.....
Craig & Rose £1	£14¼	.....
Finlay Pkg. 5p	59	+1
Holt (Jos) 25p	855	.....
IoM Stm. £1	78	.....
IRISH		
Fund 11¼% 1988	£97½	.....
Nat. 9¾% 84/89	£95	.....
Fin. 13% 97/02	£99½	.....
Arnotts	340	+5
CPI Hldgs	98	.....
Carrol Inds.	140	.....
Dublin Gas	10	.....
Hall (R. & H.)	105	.....
Helton Hldgs.	30	+2
Irish Ropes	165	.....
Unidare	360	.....

LONDON STOCK EXCHANGE

Another bout of nervous selling hits equities but Government bonds hold steady

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jan 26	Feb 5	Feb 6	Feb 16
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16

* New time dealings may take place from 9.00 am two business days earlier.

The UK equity market suffered another shakeout yesterday when prices plunged in modest trading to the accompaniment of unsubstantiated rumours of renewed official inquiries into recent takeover dealings.

The latest bout of nerves, triggered by hefty selling of Burton shares, and fuelled by a dip in the FT-SE 100 futures contract, reversed an early improvement in the FT-SE index itself, which ended with a double-digit loss.

Also upsetting equities was the prolonged lack of support for oil stocks, which took a turn for the worse yesterday as investors became nervous over the sluggish trend of world oil prices.

The FT-SE 100 index, eleven points up in early trading, ended with a net loss of 17.2 to 1878.6, while the FT ordinary index shed 7.9 to 1501.0.

Not all was gloom, however. US investors continued to respond to the firmness on Wall Street. Glaxo moved up smartly and the buyer of Cadbury-Schweppes was active again. British Airways held steady in reduced turnover.

Leading stocks rallied when Wall Street opened higher. Professional traders remained confident, noting that the FT-SE 100 futures contract rallied convincingly after touching a low of 188.30, and that trading in the futures option indicated support for the index at around the 1850 mark.

The turndown in Burton shares came at mid-session, when several large deals, totalling around 3.5m shares, crossed the SEAQ screens. The market buzzed with rumours, either of an official enquiry into recent speculative trading in store shares, or of impending press revelations. Shares in Dixons Group were also a weak spot in the retail sector.

The nervousness in equities found no encouragement from Gilt-edged, which traded solidly throughout the session. Turnover remained subdued, and prices shuffled around overnight levels before closing with minor gains on the day. With the pound steady, investors in UK Government bonds have been undisturbed, so far, by the uncertainty overhanging the dollar.

Once again, the progress of US bond futures, which traded virtually unchanged in Europe yesterday was the centre of attention in London. The FT Government securities index ended 0.06 higher at 85.86.

CU bought

Perennial takeover favourite Commercial Union attracted a good demand—over 7m shares changed hands—on vague rumours of a possible bid from "down-under" and the close was 6 higher at 330p; the group's annual figures are scheduled for March 4. Other Composites plotted an irregular course with Royals 8 dearer at 955p on buying ahead of the preliminary results due on Februay 26. Sun Alliance relinquished 5 at 719p. Elsewhere, Lloyds Brokers came on offer with C. E. Heath notable for a fall of 11 to 420p. Sedgwick lost 4 at 302p and Minet still reflecting recent adverse comment on the PCW situation, a further penny easier at 270p.

Standard Chartered rallied 10 to 758p in a quiet banking sector. NatWest, which will kick the dividend season off on February 24, moved up 4 to 622p and Midland added 5 at 634p. Among merchant banks, Hill Samuel, at 438p, retrieved 4 of the recent steep fall which followed the proposed changes in the banking bill which will give the Bank of England greater powers to control acquisitions of large stakes in UK banks.

Breweries followed the easier trend. Guinness were again a relatively lively market after the previous day's speculative flurry amid Elders IXL stake building rumours, but profit takers eventually gained the upper hand and the shares settled 4 easier on the day at 301p. Bass drifted off to close 7 cheaper at 837p and Scottish and Newcastle gave up a few pence at 208p.

The Cement Makers Federation's announcement that the common price and marketing agreements had been terminated caused an initial reaction in cement producers, but further consideration of the news saw Blue Circle rally strongly from a depressed level of 650p to close 22 higher on balance at 700p. Rugby Portland Cement, however, settled 4 lower at 207p, but RMC moved ahead to close 11 higher at 770p. Elsewhere, Continental buying prompted fresh strength in John Mowlem, up 8 more at 410p, while speculative demand in a restricted market boosted F. Copson 12 to 163p. Baggeridge Brick, still reflecting the chairman's confident statement at the annual meeting, rose 90 to 735p, but Bryant Holdings shed 3 to 164p and Sandwerth Trust 11 to 180p following profit-taking.

ICI were ⅛ off at £13¼; Morgan Guaranty Trust of New York are interest in 14.64 per cent of the equity. Among other Chemicals, Fosece continued to reflect a broker's recommendation and firmed 8 more to 278p, but William Ransom shed 3 to 43p following the interim profits standstill.

Burton fall

Revived rumours that Burton Group was about to be investigated by DTI inspectors on matters regarding share transactions made during its successful bid for Debenhams induced heavy selling of Burton yesterday—23m shares changed hands—and the close was 8 lower at 252p, after 246p. At the same time, DTI worries returned to plague Dixons and Woolworth as fears grew that the authorities would also investigate their abortive merger last year and the former closed 6 down at 332p, after 330p, and the latter 11 off at 750p. Storehouse, still reflecting a James Capel profits downgrading, lost 8 to 294p and Marks and Spencer softened 2 at 205p. Next, on the other hand, edged forward 2 to 288p with sentiment here helped by a Wood Mackenzie recommendation ahead of the interim results scheduled for March 12. Elsewhere in Stores, Coats Viyella moved up 7 to 581p and Lee Cooper gained 10 to 343p; the latter on hopes of a bid from Compagnie de Navigation Mixte SA which already holds a stake of well over 15 per cent in the company. Speculative buying fuelled by takeover hopes also prompted a jump of 40 to 285p, in Wickes, while Excalibur Jewellery improved a couple of pence more to 35p, after 37p, on further consideration of the acquisition of a near-30 per cent stake taken in the company by Summit Holdings, a company owned by Mr M. S. Griffiths.

Leading Electricals contributed to the malaise. BICC lost 6 to 313p and GEC relinquished 5 at 211p. Thorn EMI gave up 10 to 541p and Cable and Wireless, still reflecting doubts about the group's entry into the Japanese telecommunications industry, dipped a few pence to 373p. Elsewhere, Sarasota Technology jumped 15 to 122p, after 125p, following news of the agreed bid from Peek Holdings, 4 down at 58½. Zygal Dynamics rose 8 to 84p, a movement which prompted the board to state that it knew of no reason for the strength of the shares. Tenby Industries added 10 to 250p following the annual results. Amstrad, however, met with profit-taking and at 158p, lost 7½ of the previous day's gain of 19 which had greeted the excellent interim results.

Movements in the Engineering leaders rarely exceeded a couple of pence either way. Elsewhere, late offerings left Babcock 12½lower at 197p. Profit-taking prompted a reaction of 10 to 291p in Braithwaite, but Birmid Qualcast, reflecting satisfactory preliminary figures, closed 8 to the good at 176p. Smith Whitworth responded afresh to Manchester and London Investment Trust's increased holding with a further gain of 8 at 71p. 600 Group improved 6½ to 114½ and Glynwed edged up a shade more to 357p.

Special situations were responsible for the major movements among Foods. Tate and Lyle, a dull market on Wednesday, revived and closed 16 higher at 681p on hopes that the company may be given the go-head to make a bid for British Sugar. S. & W. Berisford, the British Sugar parent, gained 15½ to 283p. Cadbury Schweppes attracted fresh support on takeover hopes and gained 6 more to 243p, but Rowntree Mackintosh encountered profit-taking and settled 4 lower at 465p. Tesco continued to feature Food Retailers and gained 12 more to 677p, while Argyll added 3 to 364p. Elsewhere, Home Farm Products were suspended at 113p, up 3, following a bid approach.

London Park Hotels rose 5 to 635p pending the outcome of bid discussions, while the Hotel sector's other current takeover favourite, Friendly Hotels, gained 13 more to 223p. Kennedy Brookes settled 5 cheaper at 277p, the good annual results and confident statement discounted.

London Int. Strong

London International, persistently bought over recent weeks on hope that the company will benefit from the current anti/Aids advertising campaign, came in for renewed suppport and moved ahead strongly to close with a gain of 28 at 359p. Elsewhere in the miscellaneous industrial sector, Jacksons Bourne End featured when dealings resumed late at 490p, up 62p, on news that Bugge Eindoms A/S had acquired approximately 71 per cent of the capital at 445p cash and intends making a similar offer to minority shareholders. Bugge intends that the listing for ordinary shares on the Stock Exchange should be maintained. Pentland, still reflecting recent US expansion moves advanced 17 further to 610p, while English China Clays moved up 12 to 400p on the encouraging tenor of the chairman's statement at the annual meeting. Speculative demand left Stag Furniture 8 higher at 108p, while Courtney Pope, scheduled to reveal interim figures next Friday, improved a similar amount to 228p. Diploma continued firmly at 263p, up 60. Dom Holdings, in contrast, fell away to close 9½ down at 86p on the half year loss, while lower interim profits left Elbief 4 cheaper at 42½p. Profit-taking clipped 15 from Lilleshall at 300p. Among the leaders, Glaxo resisted the downward trend, closing a shade better at £13⅜, but further profit-taking after the third quarter figures left BOC down 8 more at 438p. Falls of a few pence were recorded in Beecham, 501p, and Boots, 275p.

Bid speculation in the wake of the announcement that T. Cowie had acquired a near 15 per cent stake in the company boosted Lookers 15 to 271p, a two-day rise of 26; Cowie slipped 6 to 278p.

Paper/Printings featured Ault and Wiborg, recently good on Sun Chemical minority bid hopes, a further 4 better at 125p following press comment. Comment on the group's acquisition of Plus Graphics left Wace 5 to the good at 96p.

The undertone in the Property sector remained firm reflecting recent favourable comment and prices made further progress before easing back to close with only modest rises on balance. Secondary issues, however, provided several noteworthy gains with Local London outstanding at 625p, up 110p following demand in a restricted market. Sheraton Securities added 2½ to 59½p in response to press comment, while Warner Estate rose 10 to 950p on takeover hopes. Merivale Moore gained 15 to 290p following the agreed offer worth some £16m for Municipal Properties.

Another quiet day in the Shipping sector was enlivened by further demand for P&O Deferred which progressed further to close 7 dearer at 615p.

BP weak

A steep decline in oil futures in the US overnight brought substantial pressure to bear on crude oil prices in London and triggered another sharp sell-off in the leading oils. BP were particularly affected, disturbed by reports of a profits downgrading by two leading UK investment houses and dropped 30 to 758p after a turnover in excess of 5m shares; BP's fourth-quarter results are due on Thursday. Another substantial turnover was recorded in Britoil (12m shares traded) with the quotation retreating 12 to 183p. Ultramar gave up a similar amount to 165p, Enterprise Oil 8 to 199p and Lasmo 5 to 183p. IC Gas were a volatile market, touching extremes of 635p and 626p prior to settling unchanged at 631p in front of today's interim results and an expected statement on the hiving off of two of the company's subsidiaries, Calor Gas and the Belgian oil interests. Triton Europe gave up 8 to 143p following the results.

Interest in South African sectors of mining markets contracted appreciably as the bullion price again failed to register any substantial movement in either direction. Quoted at $402 an ounce at the morning fixing and $402.30 in the afternoon the metal price subsequently drifted back to end the day unchanged on balance at $401.25. International activity in Golds was much reduced. South African operators withdrew, despite a half-point decline in the Financial Rand—its first decline this week—while Continental interest was minimal. After holding steady for much of the session Golds tended to ease across the board late in the day as modest but persistent US selling was reported.

The Gold Mines index showed a 1.7 decline at 319.0. Of the top quality issues Vaal Reefs retreated a point to £58½ and Randfontein slipped ⅜ to £60 while losses in the region of ¼ or so were common to Driefontein, £11¾ and Southvaal, £29⅜. Changes in the cheaper priced stocks were usually restricted to a few pence either way.

Financials and Platinums included a number of active stocks. In the former Rio Tinto-Zinc came under sustained pressure on news that the cement pricing agreement between the UK's leading producers has ended and RTZ shares dropped to 743p before settling a net 20 lower at 744p. Consolidated Gold Fields drifted back 10 to 757p.

Anglo American Corporation remained a firm market, edging up to £11 and De Beers put on 6 to 640p. Platinums continued to make good progress despite the latest decline in platinum prices. Rustenburg, overlooked recently as Impala made the running in the sector, suddenly attracted sizeable buying orders and moved up 10 to 814p; Impala hardened 3 more to a 1986/87 hgh of 884p.

Australian Golds shrugged off the poor showing by bullion in New York and London and registered strong gains in response to heavy support in Sydney and Melbourne markets overnight. Gold Mines of Kalgoorlie raced up 45 to 803p and Australian Consolidated Minerals added a further 10 at 321p. Renison put on 8 to 512p, for a four-day gain of 48, still boosted by London buying stimulated by a recently issued recommendation from a UK broker.

Traded Options

Business volume in traded options failed to keep pace with Wednesday's record levels, the first day of dealings in British Airways. Yesterday, the total number of deals done amounted to 57,929, comprising 38,704 calls and 19,225 puts, a far cry from the previous day's peak of 82,465. However, another brisk turnover in BA saw 10,565 calls and 8,495 puts transacted.

Traditional Options

- **First dealings** Feb 2 Feb 16 Mar 2
- **Last dealings** Feb 13 Feb 27 Mar 13
- **Last declaration** May 7 May 28 June 11
- **For Settlement** May 18 June 8 June 22

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Hillsdown, London Securities, American Business Systems, Amstrad, Burton, Property Trust, Glanfield Lawrence, Hongkong Land, Bread Street, Scottish and Newcastle, A. G. Stanley, Johnson and Firth Brown, BA, Dares Estates, Dewey Warren, Aran Energy, Saville Gordon, Abaco, Feseco, British Land, International Signal, Rotaprint, Federated Housing and Alexander Holdings. Amstrad and BA were dealt in for the put, while double options were arranged in Hongkong and Shanghai Banking and BA.

FINANCIAL TIMES STOCK INDICES

	Feb. 12	Feb. 11	Feb. 10	Feb. 9	Feb. 6	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	85.86	85.80	86.00	86.12	86.24	82.07	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.73	92.67	92.81	92.80	92.81	87.68	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♦	1,501.0	1,508.9	1,493.0	1,516.6	1,508.9	1,212.5	1,516.6 (9/2/87)	1,094.3 (14/1/86)	1,516.6 (9/2/87)	49.4 (26/6/40)
Gold Mines	319.0	320.7	318.5	319.2	319.3	330.9	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.78	3.77	3.81	3.74	3.76	4.27				
Earnings Yld.% (full)	8.90	8.86	8.95	8.80	8.81	10.39				
P/E Ratio (net) (*)	13.77	13.83	13.68	13.92	13.90	12.00				
SEAQ Bargains (5 pm)	44,204	42,758	46,321	53,746	55,063	—				
Equity Turnover (£m)	—	1,581.92	1,365.0	2,217.36	1,830.82	721.76				
Equity Bargains	—	59,661	62,033	62,046	61,549	30,720				
Shares Traded (ml)	—	534.1	657.9	694.3	[illegible]	336.0				

S.E. ACTIVITY

Indices	Feb. 11	Feb. 10
Gilt Edged Bargains	127.2	142.9
Equity Bargains	386.6	401.9
Equity Value	3197.5	2759.0
5-Day Average		
Gilt Edged Bargains	138.3	139.8
Equity Bargains	380.7	363.1
Equity Value	3389.7	3303.3

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1515.8	1510.3	1509.2	1499.7	1502.5	1499.7	1500.7	1500.7

Day's High 1516.7. Day's Low 1498.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.26.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (154)

BRITISH FUNDS (2), AMERICANS (1), BANKS (4), BREWERS (2), BUILDINGS (11), CHEMICALS (9), STORES (11), ELECTRICALS (7), ENGINEERING (2), FOODS (6), HOTELS (2), INDUSTRIALS (23), INSURANCE (1), LEISURE (4), MOTORS (2), NEWSPAPERS (5), PAPER (4), PROPERTY (13), SHIPPING (1), SHOES (3), TEXTILES (1), TOBACCOS (1), TRUSTS (27), OILS (1), OVERSEAS TRADERS (2), MINES (9).

NEW LOWS (1)

INSURANCES (1) Heath (C. E.).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	5,400	150	+1	Ladbroke	1,200	433	−2
Allied Lyons	2,200	353	−2	Land Securities	1,900	360	+1
Amstrad	12,000	158	−7½	Legal & Gen.	1,100	305	—
Assoc. Brit. Foods	422	332	−2	Lloyds Bank	1,119	492	—
BAT	1,200	505	−5	Lonrho	4,800	269	−3
BET	362	500	−2	Marks & Spencr	4,600	205	−2
BOC	1,600	438	−8	Midland Bank	1,200	634	—
BPB Inds	706	611	−4	NatWest Bank	1,300	622	+4
BTR	2,000	312	−2	Pearson	648	560	−7
Barclays	968	549	—	P & O	2,100	616	+8
Bass	160	837	−7	Pilkington Bros	1,700	701	−2
Beecham	1,700	501	−4	Plessey	5,225	205	−4
Blue Circle	5,500	700	+22	Prudential	500	907	—
Boots	2,500	275	−3	Racal	2,300	277	−3
Brit. Airways	4,200	652	−1	Rank Org	87	641	—
Brit. Aero	66,689	108½	−½	RHM	3,100	309	+5
Brit. Gas	20,200	69½	−1	Reckitt & Col	225	984	−1
Britoil	12,000	183	−12	Redland	938	483	+7
BP	5,100	758	−30	Reed Intl.	1,370	411	−2
Brit. Telecom	9,600	238	−4	Reuters	998	624	−3
Burton	22,500	252	−8	RTZ	1,100	744	−20
Cable & Wire	3,500	370	−6	Rowntree Mac	1,200	465	−4
Cadbury Schwps	7,300	243	+6	Royal Insurance	1,100	955	+8
Coats Viyella	1,600	580	+6	STC	1,300	213	−1
Comm. Union	7,400	330	+6	Saatchi & Saatchi	883	824	−6
Cons. Gold	627	757	−10	Sainsbury	1,900	464	—
Cookson	435	540	−10	Scott & Newcastle	2,600	208	−3
Courtaulds	2,000	389	−4	Sears	5,800	130½	+½
Dee Corp	3,200	236	−5	Sedgwick	1,900	305	−1
Dixons Grp	5,000	332	−6	Shell Trans	5,000	£10⅞	−⅛
Fisons	666	595	−1	Smith & Nephew	2,800	145	−½
Gen. Accident	284	917	−2	Standard Chart	229	758	+10
Gen. Elect	12,900	211	−5	Storehouse	2,200	293	−9
Glaxo	2,700	£13⅜	[illegible]	Sun Alliance	1,800	719	−5
Grand Met	3,500	492	−4	TSB	3,400	79	+¾
Gus "A"	448	£12⅝	−⅛	Tarmac	1,300	508	+1
Guardian	[illegible]	864	−3	Tesco	3,500	[illegible]	[illegible]
GKN	1,000	326	−1	Thorn EMI	1,600	541	−10
Guinness	5,600	301	−5	Trafalgar House	1,900	327	−7
Hanson Trust	[illegible]	[illegible]	[illegible]	T'house Forte	801	207	−2
Hawker Sidd	1,000	536	−3	Unilever	187	£22⅝	−⅛
Hillsdown	464	266	[illegible]	United Biscuits	1,800	276	−4
ICI	2,000	£13¼	−⅛	Wellcome	1,600	300	+2½
Imp. Cont. Gas	1,500	[illegible]	[illegible]	Whitbread 'A'	4,200	[illegible]	[illegible]
Jaguar	648	589½	−3½	Woolworth	833	753	−8

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	47	10	26
Corporations, Dominion and Foreign Bonds	1	10	58
Industrials	475	483	578
Financial and Properties	199	119	269
Oils	20	33	58
Plantations	0	0	11
Mines	45	41	92
Others	92	44	56
Totals	882	770	1,148

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday February 12 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Wed Feb 11 Index No.	Tues Feb 10 Index No.	Mon Feb 9 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (209)	805.14	−0.4	7.84	3.27	16.16	0.98	808.08	799.05	807.75	632.10
2 Building Materials (27)	982.58	+0.7	7.96	3.32	15.77	0.56	975.71	973.32	993.87	670.30
3 Contracting, Construction (28)	1364.08	−0.1	7.86	3.43	19.50	0.90	1364.91	1355.67	1377.37	988.07
4 Electricals (12)	1954.48	−0.8	7.71	4.02	16.65	0.44	1969.32	1967.91	1962.31	1748.55
5 Electronics (38)	1790.96	−1.5	8.03	2.31	16.52	5.85	1818.04	1791.69	1812.14	1556.28
6 Mechanical Engineering (61)	458.26	−0.1	8.77	3.63	14.55	0.58	458.81	453.07	453.00	344.43
8 Metals and Metal Forming (7)	420.58	−0.4	8.69	3.53	13.97	0.00	422.28	420.64	423.80	283.89
9 Motors (15)	317.08	−0.3	8.67	3.31	13.30	0.00	318.07	315.72	317.21	256.05
10 Other Industrial Materials (21)	1376.64	−0.3	6.49	3.98	18.42	0.17	1380.30	1350.76	1347.47	1155.58
21 CONSUMER GROUP (186)	1082.41	−0.4	6.79	2.92	18.93	1.69	1086.29	1072.56	1092.15	808.71
22 Brewers and Distillers (22)	1018.99	−0.9	8.35	3.40	15.04	0.00	1028.68	1013.13	1030.57	818.95
25 Food Manufacturing (25)	830.14	+0.1	8.04	3.39	16.35	1.30	829.37	819.62	832.68	585.97
26 Food Retailing (16)	2042.11	−0.1	6.58	2.66	21.10	9.56	2044.38	2020.94	2044.29	1751.67
27 Health and Household Products (10)	2005.19	+0.3	4.74	1.89	24.47	0.02	1998.94	1956.93	1998.33	1346.76
29 Leisure (31)	1110.50	−0.6	6.77	3.74	19.40	7.39	1117.60	1107.60	1121.90	813.39
31 Packaging & Paper (14)	576.83	−0.2	6.13	2.90	21.18	0.38	578.07	577.03	581.07	412.74
32 Publishing & Printing (14)	3436.66	−0.2	5.91	3.32	21.76	3.41	3442.77	3393.04	3418.63	2043.61
34 Stores (37)	918.27	−1.8	6.98	2.95	19.46	1.24	927.95	920.23	946.17	772.00
35 Textiles (17)	661.67	—	7.96	3.06	14.66	0.00	662.04	658.54	668.40	443.33
40 OTHER GROUPS (87)	929.21	−0.9	8.21	3.57	15.15	0.89	937.79	926.16	937.56	711.65
41 Agencies (17)	1268.64	−0.2	4.52	1.95	30.14	0.45	1271.34	1264.35	1285.90	0.00
42 Chemicals (21)	1217.65	−1.0	7.29	3.46	16.70	2.85	1230.17	1221.76	1242.90	254.09
43 Conglomerates (13)	1207.29	−0.9	7.15	3.62	16.60	0.15	1218.16	1204.86	1215.58	0.00
45 Shipping and Transport (10)	1836.85	−0.7	5.74	4.87	22.00	0.00	1824.00	1786.96	1799.62	1455.61
47 Telephone Networks (2)	944.86	−1.6	9.90	4.08	13.78	1.09	960.62	943.79	953.85	875.22
48 Miscellaneous (24)	1246.32	−0.5	9.81	3.58	11.48	0.40	1252.50	1237.60	1248.55	913.02
49 INDUSTRIAL GROUP (482)	981.65	−0.5	7.44	3.19	17.03	1.29	986.70	974.66	988.93	754.33
51 Oil & Gas (18)	1662.69	−2.5	10.58	5.66	11.94	0.00	1643.13	1657.50	1686.91	1115.18
59 500 SHARE INDEX (500)	1033.79	−0.8	7.88	3.53	16.09	1.17	1041.96	1030.53	1047.88	786.03
61 FINANCIAL GROUP(117)	672.63	+0.2	—	4.18	—	0.52	671.13	668.55	677.21	546.75
62 Banks (8)	742.46	+0.4	17.12	4.95	8.02	0.69	739.65	741.39	752.55	537.98
65 Insurance (Life) (9)	974.42	+0.2	—	3.97	—	0.00	974.74	970.54	987.24	823.90
66 Insurance (Composite) (7)	520.74	+0.3	—	4.17	—	0.00	519.24	514.50	526.48	442.70
67 Insurance (Brokers) (9)	1174.67	−0.2	8.20	4.51	15.86	1.31	1177.54	1181.22	1200.90	1311.30
68 Merchant Banks (11)	362.65	+0.2	—	3.17	—	0.02	361.84	361.15	365.96	313.41
69 Property (47)	863.65	+0.1	5.53	2.40	23.54	1.42	863.39	851.62	849.81	718.00
70 Other Financial (26)	414.44	+0.3	7.78	3.68	16.58	1.46	413.40	411.87	414.11	303.54
71 Investment Trusts (96)	936.01	+0.1	—	2.46	—	0.99	934.06	928.45	939.71	674.04
81 Mining Finance (2)	371.57	−2.1	8.24	4.32	14.26	0.00	379.50	379.44	384.40	265.11
91 Overseas Traders (12)	850.62	−0.5	9.48	5.26	12.81	0.80	854.91	841.91	844.00	633.55
99 ALL-SHARE INDEX(727)	935.71	−0.6	—	3.61	—	0.98	941.41	932.39	947.20	716.54

	Index No.	Day's Change	Day's High	Day's Low	Feb 11	Feb 10	Feb 9	Feb 6	Feb 5	Year ago
FT-SE 100 SHARE INDEX ♦	1878.6	−17.2	1907.6	1875.8	1895.8	1874.9	1910.7	1898.4	1866.3	1473.5

FIXED INTEREST

PRICE INDICES	Thurs Feb 12	Day's change %	Wed Feb 11	xd adj. today	xd adj. 1987 to date
British Government					
1 5 years	121.52	+0.01	121.51	—	0.85
2 5-15 years	135.93	+0.07	135.83	—	1.72
3 Over 15 years	143.11	+0.18	142.84	—	1.32
4 Irredeemables	156.84	+0.40	156.22	—	0.00
5 All stocks	133.43	+0.07	133.33	—	1.36
Index-Linked					
6 5 years	118.42	+0.31	118.06	—	0.00
7 Over 5 years	116.27	+0.54	115.65	—	0.54
8 All stocks	116.59	+0.50	116.01	—	0.45
9 Debentures & Loans	118.70	−0.04	118.75	—	0.32
10 Preference	84.82	+0.06	83.97	—	[illegible]

AVERAGE GROSS REDEMPTION YIELDS		Thurs Feb 12	Wed Feb 11	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.15	9.14	9.85
2	15 years	9.74	9.76	10.30
3	25 years	9.57	9.58	10.31
4 Medium Coupons	5 years	10.23	10.23	10.45
5	15 years	10.00	10.02	10.74
6	25 years	9.85	9.86	10.48
7 High Coupons	5 years	10.34	10.35	10.59
8	15 years	10.16	10.17	10.94
9	25 years	9.89	9.92	10.52
10 Irredeemables		9.66	9.70	10.13
Index-Linked				
11 Inflat'n rate 5%	5 yrs	3.03	3.21	4.03
12 Inflat'n rate 5%	Over 5 yrs	3.61	3.64	3.87
13 Inflat'n rate 10%	5 yrs	1.51	1.68	3.86
14 Inflat'n rate 10%	Over 5 yrs	3.46	3.50	3.72
15 Debs & Loans	5 years	10.76	10.75	11.96
16	15 years	10.83	10.83	11.69
17	25 years	10.83	10.83	11.47
18 Preference		11.18	11.18	12.13

♦Opening index 1907.6; 10 am 1895.6; 11 am 1892.3; Noon 1878.3; 1 pm 1883.7; 2 pm 1879.3; 3 pm —; 3.30 pm 1879.1; 4 pm 1880.4.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

Corrected figures for FT-SE 100 on the 11/2/1987: Close 1895.8, Day's High 1904.1 and Day's Low 1879.8.

LONDON TRADED OPTIONS

Option		CALLS Apr.	CALLS Jly.	CALLS Oct.	PUTS Apr.	PUTS July	PUTS Oct.
Allied Lyons (*354)	280	80	85	—	1	1	—
	300	60	65	75	2	2	6
	330	35	45	55	5	14	17
	360	15	27	37	20	26	32
Brit. Airways (*108)	90	21	25	28	1¼	3	5
	100	14	16½	21	4	7½	11
	110	8	11	15	9½	13½	16
	120	3	6	10	16	20	24
British Gas (*70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.P. (*766)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold (*757)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*390)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*327)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable & Wire (*372)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C. (*215)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*493)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*£13¼)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Securities (*360)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Spen. (*205)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*1095)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar House (*328)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TSB (*78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woolworth (*749)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS Mar.	CALLS June	CALLS Sep.	PUTS Mar.	PUTS June	PUTS Sep.
Bass (*838)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GKN (*326)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar (*591)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS Feb.	CALLS May	CALLS Aug.	PUTS Feb.	PUTS May	PUTS Aug.
Brit Aero (*654)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT Inds (*506)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*549)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Telecom (*238)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadbury Schweppes (*243)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guinness (*303)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ladbroke (*435)	360	78	83	90	1	1½	3
	390	48	57	68	1	7	11
	420	18	32	43	2	16	20
	460	—	18	27	—	43	48
LASMO (*186)	140	46	50	56	1	1	3
	160	26	35	41	1	5	7
	180	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	200	1½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Bk. (*630)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*614)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*277)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*745)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$59)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 1991 (*£105)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/05 (*£114)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS Mar.	CALLS June	CALLS Sep.	PUTS Mar.	PUTS June	PUTS Sep.
Beecham (*501)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots (*274)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR (*310)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle (*697)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$7.70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dixons (*331)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo (*£13⅜)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*155)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*268)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*452)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn EMI (*541)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trusthouse Forte (*206)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS Feb.	CALLS Mar.	CALLS Apr.	CALLS May	PUTS Feb.	PUTS Mar.	PUTS Apr.	PUTS May
FT-SE Index (*1881)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

February 12 Total Contracts 57,929 Calls 38,704 Puts 19,225. FTSE Index Calls 1,904 Puts 1,633. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid-Kent Water 8¼% Red Prf. 1997	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid-Southern Water 11¼% Red Deb 2012-16	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Monks Inv. Tst. 11% Deb. 2012	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide 11¼% Bds. 18/2/88	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 11⅛% Bds. 15/2/88	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	P. & O. 6¾% Cv. Cm. Red. Prf.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price p	+ or −
310	Nil	[illegible]	[illegible]	[illegible]	Anglia TV	[illegible]	[illegible]
175	Nil	[illegible]	[illegible]	[illegible]	♦Cannon St. Invs. 20p	[illegible]	[illegible]
480	Nil	[illegible]	[illegible]	[illegible]	Cookson 50p	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Feranol 10p	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Rowe Evans Inv. 10p	[illegible]	[illegible]
137	Nil	[illegible]	[illegible]	[illegible]	Wiggin Group	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. [illegible]

WORLD STOCK MARKETS

AUSTRIA

Feb. 12	Price Sch.	+ or −
Credi'nst'lt pp	2,030	−5
Goesser	2,950	−20
Interunfall	13,100	+50
Jungbunzlauer	9,200	+80
Laenderbank	2,000	....
Perlmooser	655	+3
Steyr Daimler	140	−6
Veitscher Mag	880	....

BELGIUM/LUXEMBOURG

Feb. 12	Price Frs.	+ or −
B.B.L.	3,900	−10
Banq.Gen. Lux	15,550	....
Banq.Int.A.Lux	15,200	....
Bekaert	9,600	+60
Ciment CBR	4,500	+80
Cockerill	139	....
Delhaize	2,650	....
EBES	5,100	+110
Fabrique Nat	1,860	+15
GB Inno BM	960	+30
GBL (Brux)	3,520	....
Generale Bank	6,200	....
Gevaert	6,190	+90
Hoboken	7,870	−10
Intercom	4,100	+90
Kredietbank	4,210	+40
Pan Holding	10,925	....
Petrofina	9,520	+50
Royale Beige	24,300	+50
Soc.Gen. Belge	3,156	−25
Sofina	12,150	+175
Solvay	8,760	−50
Stanwick Int	280	....
Tractebel	6,400	+100
UCB	9,720	−80
Wagons Lits	5,750	+10

DENMARK

Feb. 12	Price Knr %	+ or −
Baltca Skand	850	+10
Cop Handels'nk	768	−8
D. Sukkerfab	357	−12
Danske Bank	338	−6
East Asiatic	205	−8
Forenede Brygg	910	−10
GNT Hld	350	+5
I.S.S.B	885	+15
Jyske Bank	520	−20
Novo Inds*	254	....
Privatbanken	277	−4
Sophus Berend	805	+10
Superfos	167	−12

FINLAND

Feb. 12	Price Mks	+ or −
Amer	190	+5
KOP	45	....
Kone	175	−10
Finnish Sugar	98	....
Nokia	146	−1.5
Pohjola 'B'	69	....
Rauma-Repola	20.8	....
Stockmann 'B'	171.5	+4
UBF 'C'	30.6	....
Wartsila (S11)	171.5	+2

NETHERLANDS

Feb. 12	Price Fls	+ or −
ACF Holdings	59	−0.5
AEGON	81.6	+1.5
Ahold	102.3	+0.3
AKZO	132	+1
ABN	513	+4.5
AMEV	66	+0.5
AMRO	86	+0.3
Bredero Cert	79	+3
Buehrmann Tet	61	+0.2
Dordtsche Pet'm	201.5	....
Elsevier-NDU	238.5	+4.5
Fokker	55.7	−0.6
Gist Brocades	39.8	+0.5
Heineken	156.5	+3
Hoogovens	34	+0.6
Hunter Doug NV	56.5	+0.3
IHC/Caland	16.7	....
Int. Mueller	61.7	+0.2
KLM	41.6	+2.3
KNP	147.3	+2.3
Nat Ned Cert	73.3	+0.7
Ned Mid Bank	181.5	+1
Nedlloyd	161	+1.5
Oce Grinten	395	−5
Ommeren (Van)	35.4	+0.7
Pakhoed	63.5	....
Philips	46.5	+0.8
Robeco	97.2	+0.2
Rodamco	140.3	....
Rolinco	84.6	−0.2
Rorento	50.3	....
Royal Dutch	217	−0.4
Unilever	503.5	+3.5
VMF Stork	24.8	+0.3
VNU	309	+4
Wessanen	74.5	+1
Watters Samson	107.2	+0.2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ≠ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

GERMANY

Feb. 12	Price Dm.	+ or −
AEG	297.5	+2.5
Allianz Vers	1,794	+49
BASF	251.3	+5.3
Bayer	287	+3.5
Bayer-Hypo	455	−2
Bayer-Verein	434	+1
BHF Bank	451	+6
BMW	500	+8.5
Brown Boveri	284	+4.5
Commerzbank	273.5	+2
Cont'l Gummi	293	+6.2
Daimler-Benz	961.5	+1.5
Degussa	431	....
D'sche Babcock	231.5	+3
Deutsche Bank	696.8	+6.8
Dresdner Bank	358	+10.5
Feld-Muehle Nbl	276	−2
Henkel	475	+3
Hochtief	915	−5
Hoechst	247.5	+1.7
Hoesch Werke	101.5	+0.5
Holzmann (P)	501	+1
Horten	228	....
Hussel	569	+2.1
Karstadt	462	+12
Kaufhof	474	+2.8
KHD	160	−3.5
Kloeckner	57	+1
Linde	605	+4
Lufthansa	165.5	+5.5
MAN	150	−0.5
Mannesmann	145.5	−2.9
Mercedes Hld	806	−1
Metallgesell	263	−3
Muench Rueck	1,852	+2
Nixdorf	708	+7
Porsche	820	−20
Preussag	181	−4.5
Rhein West Elect	231	+4
Rosenthal	277	....
Schering	654	+8.5
Siemens	651.5	+1.5
Thyssen	115.4	+2.6
Varta	362	+5
Veba	273.2	+3.2
V.E.W.	156	....
Verein-West	430	+3
Volkswagen	346.2	+5.7

ITALY

Feb. 12	Price Lira	+ or −
Banco Com'le	24,300	+100
Bastogi-IRBS	680	−3
C.I.R.	6,190	−70
Credito Italiano	3,150	−51
Fiat	13,980	−160
General Assicur	131,100	−900
Italcementi	71,350	−1,150
La Rinascante	1,089	−1
Montedison	2,800	−45
Olivetti	12,000	−100
Pirelli Co	7,100	+260
Pirelli Spa	4,990	−10
Saipem	4,480	....
Snia BPD	4,722	−59
Toro Assic	30,000	−100

FRANCE

Feb. 12	Price Frs.	+ or −
Emprunt 4½% 1973	1,533	....
Emprunt 7% 1973	7,805	....
Accor	536	....
Air Liquide	695	....
BIC	744	+9
Bongrain	2,330	−15
Bouygues	1,230	−15
BSN Gervais	4,665	+20
CIT Alcatel	2,233	−12
Carrefour	3,474	+1
Club Mediter'n	669	+8
Cie Bancaire	1,061	−4
Cofimeg	404	....
Damart	2,470	+69
Darty	480	+5
Dumez S.A.	2,260	−10
Eaux (Cie Gen)	1,410	....
Elf Aquitane	366	−1.5
Essilor	3,490	+5
Gen.Occidentale	1,250	+20
Imetal	94	−0.7
Lafarge Coppec	1,408	+8
L'Oreal	3,867	+12
Legrand	5,380	+120
Maisons Phoenix	175.5	+2
Matra S.A.	2,171	+51
Michelin B	2,960	+71
Midi (Cie)	1,560	+10
Moet-Hennessy	2,229	+11
Moulinex	96	+2
Nord East	202	+2.5
Pernod Ricard	1,012	+11
Perrier	773	+29
Petroles Fra	473	−2
Peugeot S.A.	1,250	+24
Printemps (Au)	657	+27
Radio Tech	1,380	+29
Redoute	2,895	+69
Roussel-Uclaf	1,690	+20
Sefimeg	471	+1
Skis Rossignol	1,400	+8
Telemec Elect	3,295	−5
Thomson (CSF)	1,495	+25
Valeo	518	....

NORWAY

Feb. 12	Price Kroner	+ or −
Bergens Bank	188	+0.5
Bergesen B	260	....
Christiana Bank	201	....
DenNorske Cred	177	−0.5
Elkem	89	+1
Kosmos	135	....
Kvaerner	176	+1
Norcem	128.5	....
Norsk Data	213	....
Norsk Hydro	142.5	−1.5
Orkla-Borregaad	373	....
Storebrand	305	−3

SPAIN

Feb. 12	Price Pts %	+ or −
Bco Bilbao	1,450	+30
Bco Central	1,070	....
Bco Exterior	515	−25
Bco Hispano	550	−25
Bco Popular	1,560	−40
Bco Santander	1,020	−45
Bco Vizcaya	1,695	−25
Banesto	772	−18
Dragados	556.5	+8.5
Hidrola	86	−5
Iberduero	133	−2.7
Petroleos	518.7	−1.3
Telefonica	173	....

SWEDEN

Feb. 12	Price Kronor	+ or −
AGA	160	+1
Alfa-Laval B	283	+1
ASEA (Free)	325	....
Astra (Free)	550	+5
Atlas Copco	148	+2
Beijer A B	160	....
Cardo (Free)	160	....
Cellulosa	261	+9
Electrolux B	289	+3
Ericsson B	220	+1
Esselte	137	....
Mo och Domsjo	240	+1
Pharmacia	214	−1
Saab Scania Free	660	−2
Sandvik	141	+2
Skandia	126	+4
Skan Enskilda	115	+1
SKF	344	+2
Stora Kopparbrg	287	+4
Sven. Handidsbk	403	−2
Swedish Match	426	−1
Volvo B (Free)	297	+4

SWITZERLAND

Feb. 12	Price Frs.	+ or −
Adia Intl	9,250	+100
Alusuisse	600	+10
Bank Leu	3,575	....
Brown Boveri	1,600	+10
Ciba Geigy	3,150	....
do. (Part Certs)	2,160	+50
Credit Suisse	3,550	+50
Elektrowatt	3,670	+10
Fischer (Geo)	1,850	−10
Hoff-Roche PtCts	133,750	+1000
Hoff-Roche 1/10	[illegible]	[illegible]
Jacobs Suchard	[illegible]	[illegible]
Jelmoli	[illegible]	[illegible]
Landis & Gyr	[illegible]	[illegible]
Nestle	[illegible]	[illegible]
Oer.Buehrle	[illegible]	[illegible]
Pargesa Hldg	[illegible]	[illegible]
Pirelli	[illegible]	[illegible]
Sandoz (Br)	[illegible]	[illegible]
Sandoz (Pt Cts)	[illegible]	[illegible]
Schindler (PtCts)	[illegible]	[illegible]
Sika	[illegible]	[illegible]
Surveillance	[illegible]	[illegible]
Swissair	[illegible]	[illegible]
Swiss Bank	[illegible]	[illegible]
Swiss Reince	[illegible]	[illegible]
Swiss Volksbk	[illegible]	[illegible]
Union Bank	[illegible]	[illegible]
Winterthur Ins	[illegible]	[illegible]
Zurich Ins	[illegible]	[illegible]

AUSTRALIA

Feb. 12	Price Aust. $	+ or −
ACI Intl	[illegible]	[illegible]
Adelaide Steam	[illegible]	[illegible]
Amcor	[illegible]	[illegible]
ANZ Group	[illegible]	[illegible]
Ampol Pet	[illegible]	[illegible]
Ariadne	[illegible]	[illegible]
Ashton	[illegible]	[illegible]
Aust. Guarant	[illegible]	[illegible]
Aust. Nat. Ind	[illegible]	[illegible]
Bell Group	[illegible]	[illegible]
Bell Res	[illegible]	[illegible]
Bond Corp Hld	[illegible]	[illegible]
Boral	[illegible]	[illegible]
Bougainville	[illegible]	[illegible]
Brambles Inds	[illegible]	[illegible]
Bridge Oil	[illegible]	[illegible]
BHP	[illegible]	[illegible]
Burns Philp	[illegible]	[illegible]
CRA	[illegible]	[illegible]
CSR	[illegible]	[illegible]
Chase Corp	[illegible]	[illegible]
Claremont Pet	[illegible]	[illegible]
Coles Myer	[illegible]	[illegible]
Comalco 'A'	[illegible]	[illegible]
Consolidated Pet	[illegible]	[illegible]
Costain Aust	[illegible]	[illegible]
Elders IXL	[illegible]	[illegible]
Energy Res	[illegible]	[illegible]

AUSTRALIA (continued)

Feb. 12	Price Aust. $	+ or −
Gen. Prop. Trust	2.70	−0.02
Hardie (James)	4.4	+0.15
Hartogen Energy	3.25	−0.05
HeraldW'y Times	17.0	+0.9
ICI Aust	3.35	+0.10
Industrial Equity	5.56	+0.10
Jimberlana F.P.	0.40	−0.02
Kia Ora Gold	1.30	+0.15
Kidston Gold	7.5	−0.1
Land Lease	10.6	−0.2
MIM	2.4	....
Mayne Nickless	4.4	+0.1
Nat. Aust. Bank	5.56	....
News	20.4	+1.1
Nicholas Kiwi	3.80	....
Noranda Pacific	2.9	+0.05
North Bkn Hill	2.50	....
Oakbridge	0.6	....
Pacific Dunlop	4.45	+0.05
Pancontinental	3.5	....
Pioneer Conc	3.3	+0.1
Placer Pacific	2.46	+0.01
Poseidon	7.0	+0.2
Queensland Coal	1.42	−0.05
Santos	4.25	....
Smith Howard	4.9	....
Thos. Natwide	4.15	+0.10
Tooth	5.00	+0.14
Vamgas	3.0	+0.1
Western Mining	6.20	−0.08
Westpac Bank	4.78	−0.02
Woodside Petrol	1.65	−0.02
Woolworths	3.66	+0.05
Wormald Intl	4.30	+0.07

HONG KONG

Feb. 12	Price H.K.$	+ or −
Bank East Asia	23.8	+0.1
Cathay Pacific	6.5	....
Cheung Kong	42.5	−0.25
China Light	21.2	....
Evergo	0.93	−0.01
Hang Seng Bank	44.0	−0.25
Henderson Land	5.15	−0.10
HK China Gas	23.0	−0.2
HK Electric	13.3	+0.4
HK Land	7.85	....
HK Shanghai Bk	10.5	+0.1
HK Telephone	13.8	....
Hutchison Wpa	51.5	+0.10
Indust.Equt.Pac	22.8	....
Jardine Math	25.0	+0.1
New World Dev	10.3	−0.1
SHK Props	21.5	+0.1
Shell Elect	1.14	−0.06
Swire Pac A	20.9	+0.4
TV—B	13.8	−0.4
Wharf Holdings	9.85	+0.05
Winsor Inds	9.56	−0.05
World Int. Hldgs	3.95	....

JAPAN

Feb 12	Price Yen	+ or −
Ajinomoto	2,340	+140
[illegible]	[illegible]	[illegible]

JAPAN (continued)

Feb. 12	Price Yen	+ or −
MHI	544	+24
Mitsui Bank	1,490	....
Mitsui Co	603	+5
Mitsui Estate	2,070	....
Mitsui Toatsu	444	+6
Mitsukoshi	1,130	+30
NGK Insulators	830	+2
Nikko Sec	2,090	+100
Nippon Denso	1,460	−50
Nippon Elect	2,040	....
Nippon Express	1,320	−10
Nippon Gakki	1,280	−30
Nippon Kogaku	755	....
Nippon Kokan	280	+10
Nippon Oil	1,230	−30
Nippon Seiko	455	....
Nippon Shimpan	1,120	−30
Nippon Steel	279	....
Nippon Suisan	475	−7
Nippon Yusen	540	+32
Nissan Motor	565	−5
Nisshin Flour	890	+10
Nomura	3,890	+130
Olympus	1,110	−30
Onoda Cement	616	+4
Orient Finance	1,110	−40
Orient Leasing	3,630	−20
Pioneer	2,140	....
Ricoh	920	+9
Sankyo	1,620	....
Sanwa Bank	2,340	+50
Sanyo Elect	367	+1
Sapporo	1,310	−10
Sekisui House	1,660	−20
Seven Eleven	7,800	−100
Sharp	987	−13
Shimizu Constn	880	+2
Shionogi	1,700	+50
Shiseido	1,760	−30
Showa Denko	473	+9
Sony	3,110	−60
S'tomo Bank	3,120	....
S'tomo Chem	689	+44
S'tomo Corp	980	+11
S'tomo Elect	1,760	−30
S'tomo Metal	204	+7
Taisei Corp	930	−1
Taisho Marine	1,160	+50
Taiyo Kobe Bank	1,130	−30
Takeda	2,630	+10
TDK	3,150	−60
Teijin	719	+14
Toa Nenryo	1,660	−10
Tokai Bank	1,680	−20
Tokio Marine	2,120	+30
Tokyo Elec Pwr	8,150	−150
Tokyo Gas	1,120	−30
Tokyu Corp	1,400	+10
Toppan Print	1,580	....
Toray	749	+49
Toshiba Elect	670	+10
Toyo Seikan	2,070	+140
Toyota Motor	1,810	+10
UBE Inds	290	+6
Victor	2,440	+50
Yamaha	616	−2
Yamaichi Sec	1,920	+60
Y'manouchiPhm	3,890	+10
Yamazaki	1,850	+20
Yasuda Fire	1,060	....

SINGAPORE

Feb. 12	Price $	+ or −
[illegible]	[illegible]	[illegible]

SOUTH AFRICA

Feb. 12	Price Rand	+ or −
[illegible]	[illegible]	[illegible]

CANADA

TORONTO

Closing prices February 12

Sales	Stock	High	Low	Close	Chng
5252	AMCA Int	$11⅛	11¼	11¼	−¼
3200	Aberford	480	480	480	
82100	Abitibi Pr	$37½	36¾	36¾	−½
4600	Acklands	$17¾	17½	17¾	+¼
21000	Agnico E	$28¾	28⅝	28⅝	
68651	Albrta En	$17¼	17	17⅛	+⅛
1500	Albrta N	$14¾	14½	14½	
450662	Alcan	$49	48	49	+1⅝
200	Algo Cent	$20¼	20¼	20¼	
1347	Algoma St	$10¾	10⅝	10⅝	−⅜
25600	Asamera	$12¾	12⅝	12⅝	−¼
7730	Atco I f	$9	8⅞	8⅞	
1000	Atco II	$9	9	9	−⅛
10659	BC Sugar A	$22¾	22½	22½	
9100	BGR A	$10⅜	10	10	−¼
11682	BP Canada	$39¼	38⅞	39¼	+¼
1357	Banister C	$9	9	9	
121782	Bk BCol	85	84	84	
114216	Bk Montl	$37⅞	37⅜	37⅝	+¼
369844	Bk NScot	$20¾	19⅞	20⅜	+⅜
431380	Bell Can	$40½	40⅛	40½	+⅛
133938	Bow Valy	$17½	17⅛	17⅛	−¼
2030	Bralorne	143	143	143	+3
950	Bramalea	$24¼	23¾	23¾	−¼
52450	Brascan A	$34¼	33⅜	33⅞	+⅜
131851	Brkwater	$7¾	7⅝	7⅝	
500	Brenda M	$9	9	9	
116267	BC ForP	$18⅝	18½	18½	+⅛
20165	BC Res	105	101	105	
36824	BC Phone	$28⅛	27⅞	28⅛	+¼
3301	Brunswk	$12⅜	12¼	12¼	
137926	CAE	$12	11½	11¾	+¼
193750	CCL B f	$14	13¾	14	+¼
38763	CIL	$28⅛	27¾	28	
9100	Cad Frv	$33½	33	33½	+½
2175	Cambridg	$26¼	26	26¼	+¼
34839	Camp RLk	$31	29⅝	29⅞	−⅝
2874	Camp Res	175	171	175	+4
400	Camp Soup	$19¼	19	19	−¼
4441	Campeau f	$25	24½	24⅝	−⅛
1706	CCem ex p	$15½	15¼	15½	+¼
93931	CDC f	$9¼	9	9⅛	+⅛
1200	Can Malt	$21½	21½	21½	
7300	C Nor West	$16¼	16	16	−½
5100	C Packrs	$16½	16	16¼	+⅛
800	CS Pete f	$5⅜	5	5⅜	+22½
50	Can Trust	$57⅛	57⅛	57⅛	
180	CG Invest	$56	56	56	
395383	CI Bk Com	$23⅛	22⅝	22¾	+⅛
1600	C Marconi	$20	19¾	20	+¼
31136	C Ocdental	$29½	29	29	−¼
908910	CP Ltd	$23⅛	22⅜	22⅝	+⅜
51093	CTire A f	$13⅝	13⅜	13⅜	−⅛
319206	CUtil A f	$19¾	19⅝	19¾	
303100	CUtil B	$19¾	19⅝	19¾	
133340	Canfor	$24½	22⅝	24½	+1¾
11700	Canron A	$17¼	16¼	17	+1
6100	Cara	$10	9¾	9⅞	−⅛
16800	Cara A f	$9¼	9⅛	9⅛	−⅛
38040	Carl OK	$14⅝	14⅜	14½	+¼
105500	Carma A	15	14	14	−½
4907	Celanese	$17	16⅞	17	+⅝
18200	CentFd A	$7⅛	6⅞	7	−⅛
300	Contrl Tr	$22	22	22	+¼
500	Chieftan	$10¾	10¾	10¾	−¼
199893	Cominco	$16½	16	16⅜	+⅜
100	Computlog	$5¾	5¾	5¾	
11700	Comput In	300	290	290	−10
56395	Con Bath A	$34	33¼	33⅞	+⅝
45025	CDistb B f	490	480	490	−10
25153	Cons Gas	$25⅞	25⅜	25¾	
1905	Con Glass	$24	23½	23½	−½
418	CTL Bank	$16⅝	16⅜	16⅜	
33858	Conwst B	$12	11¾	12	+¼
8050	Corby	$18½	18¼	18½	+⅛
12150	C Falcon C	$17¾	17⅜	17½	+¼
5000	Coseka R	74	73	73	−1
5800	Costain Ltd	$13½	13¼	13¼	
6450	Crownx	$25½	24	24½	−1¾
503219	Crownx A f	$9¾	9⅛	9¼	−¾
13300	Czar Res	183	180	180	
6830	Denison A p	$8⅞	8¾	8⅞	+⅛
61430	Denison B f	$8	7¾	7⅞	+¼
1320	Develcon	290	285	285	−5
11900	Dicknsn A f	$11⅜	11⅛	11⅛	−¼
500	Dicknsn B	$11½	11½	11½	
71344	Dofasco	$26	25	25½	+⅜
235378	Dome Mine	$13⅛	12¾	12¾	−¼
246768	Dome Pete	104	98	99	−3
5185	D Textle	$20¾	20⅜	20⅝	+⅛
15034	Domtar	$47½	46⅝	46⅞	−⅜
900	Donohue	$35	34¾	35	+½
612	Du Pont A	$45	45	45	
34768	Dylex A	$15¾	15⅛	15⅛	−⅝
91525	Echo Bay	$38½	37¼	37⅜	−1⅛
9600	Emco	$15	14¾	14¾	−¼
15550	Equity Svr	$5½	5¼	5½	+¼
1550	FCA Intl	$20¼	20	20	
396519	Ficnbrdg	$19	18⅜	18¾	+½
42720	Fed Ind A	$17¾	17½	17⅝	
4352	Fed Pion	$12¼	12	12⅛	−⅛
15900	FCity Fin	$16⅛	15¾	16	+⅛
5386	Gandalf	$11⅜	11¼	11¼	+⅛
6000	Geac Comp	170	160	167	+7
42400	Gendis A	$17¾	17½	17⅝	+⅛
300	Giant Yk	$18	18	18	−⅜
58900	Glbrltar	$8½	8	8½	+⅜
57120	Goldcorp f	$8¾	8⅝	8⅝	−⅛
32300	Grafton A f	$16¼	16⅛	16¼	+¼
8290	GL Forest	$41	40	41	+1
1210	Greyhnd	$27⅛	27	27⅛	+⅛
3025	GuarPA f	$15⅜	15⅛	15⅜	+¼
246330	Gulf Can	$25⅜	25⅛	25¾	+⅝
750	Hawker	$26½	26⅜	26½	
5399	Hayes D	$12¼	12	12⅛	+½
22825	Hees Intl	$34	33¼	33½	+⅛
1733	H BayMn s	$7¾	7⅝	7⅝	+¼
10725	H Bay Co	$26¼	25⅞	26⅛	
173708	Husky Oil	$11¼	11¼	11¼	
236508	Imasco	$34⅝	34	34⅛	
98696	Imp Oil A	$59	58¼	58½	−⅝
204023	Inco	$19¾	18¾	19¼	+½
7250	Indal	$13⅞	13⅝	13⅞	
2770	Inland Gas	$13⅜	13⅛	13⅛	
309125	Innopac	$13⅜	12⅞	13	−⅛
17480	Inter City	$17½	17⅛	17⅛	−⅛
125804	Intl Thom	$14⅛	13⅞	14	
8856	Intpr Pipe	$46	45⅜	45¾	−¼
1	Ipsco	$9⅝	9⅝	9⅝	
35300	Ivaco A f	$16	15½	15¾	−¼
100	Ivaco B	$16	16	16	−¾
29470	Jannock	$37	35⅞	36¾	+1⅛
3369	Kerr Add	$19¼	19	19⅛	+⅛
4100	Kiena Gld	$27¾	27	27½	−¼
44270	Labatt	$23⅛	22⅝	23	+⅜
23030	LL Lac	$36¼	35	35	−1
10200	Lacana	$10⅛	9⅞	9⅞	−⅛
22812	Laidlaw A	$25¼	24½	25⅛	+⅜
475571	Laidlw B f	$23¼	22⅝	23	+½
18450	Leigh Inst	$5¼	5⅛	5¼	+¼
52531	Loblaw Co	$12¾	12⅞	12⅞	−⅛
3300	Lumonics	$9¼	8⅝	9¼	+⅝
1000	MICC	$9	9	9	−⅛
10200	MSR Ex	215	205	205	−20
22400	Mclan H X	$19⅝	19¼	19⅝	+⅜
500	Mcln HY f	$17⅛	17⅛	17⅛	−⅛
108233	Macmillan	$60¼	60	60	
68400	Magna A f	$30½	30	30⅜	+½
1723	Maritime f	$16½	16½	16½	
3400	Minrl Res	305	300	300	
37850	Mitel Corp	$8¼	8⅛	8¼	+⅛
100	Moffat	$15¼	15¼	15¼	
12483	Molson A f	$25¼	25	25¼	
2500	Molson B	$27	27	27	−¾
307	Moneco A f	400	400	400	+10
500	MCity Bk	$17½	17½	17½	
6400	M Trusco	$14¾	14⅜	14⅝	+⅛
279582	Moore	$33¼	32⅝	32⅞	+⅛
24283	Murphy	$25¾	25¼	25¼	
31905	Nat Bk Can	$33⅞	33½	33⅞	+⅝
18167	Nt Vg Trco	$23¾	23⅜	23⅜	−⅜
5600	Nfl CapA f	$10⅛	10	10	−¼
1410	Nfld LP A	$20¼	20	20⅛	+¼
524839	Noranda	$25⅞	25⅜	25⅞	+⅝
57151	Norcen	$22⅛	21¾	22	
68974	Norcn ord f	$20¼	19¾	20¼	+¼
8206	NC Oils	$13¾	13½	13¾	+⅛
117222	Nor Tel	$56	55	56	+⅞
13500	Northgat	$7¾	7⅝	7⅝	
593715	Nva AltA f	$8	7¾	7⅞	+⅛
611	Nowsco W	$15⅜	15⅜	15⅜	−⅜
20511	Nu West	43	42	42	−1
800	Numac	$10⅞	10⅞	10⅞	−⅛
4777	Oakwd A f	125	125	125	
1700	Ocelot B f	450	450	450	
4057	Omega Hyd	$5⅜	5¼	5¼	−⅛
282935	Oshawa A f	$18⅞	18⅝	18⅞	+⅛
148973	PacW Airl	$22	21⅞	22	−⅝
36900	Pgurin A f	$14⅝	14⅜	14⅝	+⅛
2000	Pamour	$12⅞	12½	12⅞	+¼
2600	PanCan P	$31¾	31½	31¾	−¼
23244	Pegasus	$17⅞	16⅞	16⅞	−⅞
200	Pembina	$15¼	15¼	15¼	+⅛
350	PJewl A f	$11¼	11¼	11¼	−⅛
4880	Pine Point	$9	9	9	+¼
113575	Placer D	$37½	36⅝	37	
10301	Poco Pet	$13⅛	13	13⅛	+⅛
35380	Powr Cor f	$18¾	18⅜	18⅝	+¼
133745	Precmb	250	245	250	
5542	Provigo	$21	20⅝	20⅞	
4608	Que Sturg	435	430	430	−5
1000	Que Tel	$14½	14⅜	14⅜	
124560	Ranger	$6⅝	6½	6⅝	
6970	Rayrock f	$8	7¾	7⅞	+⅛
42034	Redpath	$15	14½	14⅞	−⅛
17100	Regionl R	205	200	201	+1
2000	Reitman A f	$28	28	28	
59128	Rio Algom	$25⅞	25⅝	25¾	−¼
1190	Rogers A	$20¾	20	20	+¼
26527	Rogers B f	$19⅜	19⅛	19¼	+⅛
600	Roman	$12	12	12	
20	Rothman	$51½	51½	51½	
361711	Royal Bnk	$37⅞	37⅜	37½	
29823	RyTrco A	$32⅜	32⅛	32¼	
183189	Royex	465	450	450	−5
15840	SHL Syst	$26⅞	26½	26½	

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices February 12

Sales	Stock	High	Low	Close	Chng
98547	Bank Mont	$37⅞	37⅜	37¾	+¼
3880	BombrdrA	$19⅜	19⅛	19⅛	−⅛
49725	BombrdrB	$19¼	19	19¼	+⅜
3075	CB Pak	$22¼	22	22	
35708	Cascades	$14¾	14½	14½	−¼
14975	ConBath	$33⅞	33	33⅞	
13256	DomTxtA	$20¾	20¼	20½	
13190	MntTrst	$14⅝	14⅜	14⅝	+⅛
42211	NatBk Cda	$34	33⅝	34	+¾
31889	Noverco	$13⅝	13½	13⅝	+⅛
103090	Power Corp	$18¾	18¼	18⅝	+⅜
82545	Provigo	$21	20½	20½	−⅜
1300	RollandA	$18⅝	18½	18½	−⅛
186749	Royal Bank	$37¾	37¼	37⅜	
4515	RoyTrstco	$32⅜	32⅛	32¼	−⅛
11287	SteinbrgA	$38¾	37½	38½	+1½

Total Sales 7,494,451 shares

NEW YORK—DOW JONES

	Feb 12	Feb 11	Feb 10	Feb 9	Feb 6	Feb 5	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,158.84*	2,171.96	2,158.04	2,178.74	2,186.87	2,201.49	2201.49 (5/2/87)	1502.29 (22/1/86)	2201.49 (5/2/87)	41.22 (2/7/32)
Transport	905.84*	915.21	907.82	915.82	924.18	917.39	924.18	686.97	924.18	12.32
Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trading vol	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

Indices

	Feb. 12	Feb. 11	Feb. 10	Feb. 9	1986/87 High	1986/87 Low
AUSTRALIA						
All Ord. (1/1/80)	1574.8	1559.9	1563.7	1564.7	1574.8 (12/2/87)	1010.5 (2/1/86)
Metals & Mnls. (1/1/80)	776.2	773.0	774.7	769.6	785.0 (20/1/87)	481.1 (20/1/86)
AUSTRIA						
Creditbk Aktien (30/12/84)	200.57	201.58	201.67	202.50	288.64 (25/4)	200.57 (12/2/87)
BELGIUM						
Brussels SE (1/1/84)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK						
Copenhagen SE (3/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FINLAND						
Unitas Genl. (1975)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE						
CAC General (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind Tendance (31/12/86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY						
FAZ Aktien (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HONG KONG						
Hang Seng Bank (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY						
Banca Comm. Ital. (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN						
Nikkei (16/5/49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo SE New (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS						
ANP-CBS General (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ANP-CBS Indust (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY						
Oslo SE (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SINGAPORE						
Straits Times (30/12/66)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA						
JSE Gold (28/9/78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JSE Indust (28/9/78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN						
Madrid SE (30/12/85)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN						
Jacobson & P (31/12/56)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWITZERLAND						
Swiss Bank Cpn (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD						
MS. Capital Intl. (1/1/70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

** Saturday February 7: Japan Nikkei [illegible]. Base values of all indices are 100 except [illegible]. [illegible]

NYSE-Consolidated 1500 Actives

[illegible]

TOKYO — Most Active Stocks
Thursday, February 12, 1987

[illegible]

LONDON — Most Active Stocks
Thursday, February 12, 1987

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 37

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Bagg Brick	735	+90
Berisf (S.&W.)	283	+15
Birm Qulest	176	+8
Bl Cire	700	+22
Comm Union	330	+6
Engl China Clays	400	+12
Jacks Bourne End	490	+62
L Cooper	343	+10
Loc Lond	620	+105
Lond Intl	359	+28
Lon. Pk Htls	535	+30
Lookers	275	+19
Mowlem (J.)	410	+8
Pentl Inds	610	+7
Saras Tech	122	+15
Tate & Lyle	681	+16
Wickes	284	+39
Zyg Dynam	84	+8

FALLS:

BOC	438	−8
BP	758	−30
Britoil	183	−12
Burton	283	−8
Dixons	332	−6
Dom Hldgs	86	−9½
RTZ	744	−20
Storehouse	293	−9
Triton Eur	143	−8

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29⅞	18	AAR s	.50	1.8	20	635	28¾	28¼	28¼	−⅛
32¾	21⅞	ADT	.92	2.9	18	382	32¼	31⅛	32¼	+1½
38½	19	AFG s	.12i	.3	11	216	37½	37	37	−½
37	16¾	AGS			20	72	34½	34	34	−⅜
15	6¾	AMCA				22	8¾	8⅝	8⅝	−⅛
62⅛	47¼	AMR			12	7316	58¼	57	57¼	−⅞
16½	10	ARX	.71t	5.6	12	37	12¾	12⅝	12¾	
42⅛	28¾	ASA	2a	5.0		x693	41¼	39⅝	40	−1¼
18⅜	9¾	AVX		2.0		670	15⅞	15¼	15⅞	+¼
32	25¼	AZP	2.72	8.8	10	3009	31⅛	30⅞	31	
59¾	33	AbtLb s	.84	1.5	25	4629	58	56½	57¾	−½
32	25	AccoWd	.62	1.9	21	235	u32½	31⅝	32½	+¾
14⅛	9	AcmeC	.40	3.0	24	343	13¾	13	13⅛	−¼
9¼	6⅛	AcmeE	.32b	4.3	26	12	7¾	7½	7½	−⅛
29⅞	17¾	AdaEx	3.42e	16.		96	21¼	21	21¼	+⅛
16¾	9¾	AdmM s	.24	1.5	13	7	16⅛	16	16	−⅛
20⅝	12⅛	AdvSys	.62t	3.1	16	207	20¼	19⅝	20	+¼
32⅞	12⅞	AMD				11634	21¾	20¾	21½	−1
10¾	5¼	Adobe				43	8	7⅞	7⅞	−¼
19½	13¾	Adob pf	1.84	9.7		39	19¼	19	19	−⅜
27⅞	16⅜	Adob pf	2.40	11.		33	21¾	21½	21⅝	+⅛
16⅜	11½	Advest	.12a	.8	11	629	14⅝	13⅞	14⅛	+⅜
66¼	53	AetnLf	2.64	4.3	9	3182	62	61	61¼	−⅝
54⅜	51⅛	AetL pf	3.94e	7.5		13	52⅞	52¾	52⅞	+⅛
45¾	18⅞	AfiIPb s	.32	.7	24	111	45	44	44	−¼
28¾	18⅞	Ahmns s	.88	3.7	7	5017	24⅛	23½	23⅝	−⅜
5¾	2⅞	Aileen				25	4¼	4	4	−⅛
46¾	29⅛	AirPrd s	.80	1.8	374	1526	45⅛	44⅝	44⅞	−⅛

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
100½	72½	PaPL pr8.40		8.4		z100	100	100	100	+⅛
111	99¼	PaPL pr 11		10.		z300	110	109⅞	109⅞	
98	72½	PaPL pr 8		8.2		z10	97½	97½	97½	+⅜
101½	77	PaPL pr8.70		8.6		z100	101⅛	101⅛	101⅛	+⅜
60	42	Penwlt	2.20	3.7	16	114	u60¼	59½	59¾	+¼
35	28	Penw pr1.60		4.6		187	u35⅝	35	35	
77⅜	48⅛	Pennzol	2.20	3.1	55	995	72⅜	70¾	71	−1
26¾	19	PeopEn	1.44	6.2	11	614	23⅞	23⅜	23⅜	−⅞
48¼	26¼	PepBoy	.22	.5	32	409	47⅛	46¼	46¾	+¼
36⅝	23⅛	PepsiCs	.64	2.0	18	8983	32⅜	31⅛	31½	−½
13⅛	10⅝	PerkF	n.25e	2.0	41	79	12⅝	12⅛	12⅝	−⅛
36⅞	23⅛	PerkEl	.60	1.8	21	4230	33⅛	32⅝	32¾	+⅞
7⅝	5½	Prmian	.55e	7.5	7	1895	7½	7⅜	7⅜	−⅛
20⅞	12	PeryDr	.22	1.6	23	106	13½	13⅜	13⅜	−⅛
35¾	23¾	Petrie	.70	2.4	17	605	29⅛	28¾	29⅛	+½
33	22⅞	PetRs	2.57e	8.2		98	31½	31⅛	31¼	−⅛
20	16	PetRs pf1.57		8.5		46	18½	18⅜	18½	
3	1	Ptrinv				165	1⅜	1¼	1⅜	+⅛
72⅞	49¾	Pfizer	1.80	2.6	17	4829	69⅞	68⅝	69	+⅜
32½	16	PhelpD			26	2960	28¼	27⅛	27⅞	+1
63	48¾	Phelp pr 5		8.5		29	59	59	59	+¼
26	17⅛	PhilaEl	2.20	8.8	10	6889	25¼	24¾	24⅞	−⅜
43½	31½	PhE pfA3.80		8.7		z2070	43½	42¾	43½	+1
48	36	PhE pfC4.40		9.2		z560	48	47⅞	47⅞	+⅞
52½	38½	PhE pfD4.68		8.9		z1580	u52¾	52¾	52¾	+¾
96¾	72	PhE pfG8.75		9.1		z110	96½	95¾	95¾	
106	100½	PhE pfS9.50		9.0		z20	105	105	105	−1
13⅞	11½	PhE pfR1.41		10.		33	13⅝	13½	13½	
13¾	10⅞	PhE pfP1.33		11.		45	12¾	12⅝	12⅝	−⅛
12⅞	10⅝	PhE pfO1.28		10.		178	12⅜	12	12¼	+¼
134¼	122½	PhE pfN17.13		13.		z2220	129	128½	128¾	−¼
124	112	PhE pfM15.25		13.		z250	119¼	119¼	119¼	+⅞

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29¼	17¾	Rubmd	.26	1.0	28	1409	27¼	26⅝	27¼	+¼
36⅝	24¾	RussBr	.50e	1.4	18	97	36	35¼	36	+1
34⅞	23	RusTog	.76	2.3	13	15	33⅞	33⅜	33¼	
19⅝	11⅛	Rusel s	.17	1.0	17	411	18	17⅛	17⅞	
50¾	29½	RyanH	1.20	2.6	14	1207	47	46⅞	46⅞	−⅛
38½	24½	Ryder s	.44	1.2	18	1960	38	37½	37⅝	−¼
32⅝	24	Rykoff	.60	2.2	27	130	27⅛	26⅝	26¾	−¼
27⅝	15	Rylnd s	.40	1.7	12	844	24¼	23¾	24⅛	+¼
23⅜	15⅛	Rymer			105	33	22⅛	21¾	22⅛	+⅜
14⅜	11½	Rymer pf1.17		9.3		50	12⅝	12⅜	12⅝	+¼
		S S S								
13	8½	SL Ind	.17b	1.7	13	6	9⅞	9⅞	9⅞	
45¾	31¼	SPSTec	.96	2.4	15	117	41	40¾	40¾	−¼
21⅜	11½	SSMC n				82	19¼	18¾	18⅞	
17	10⅝	Sabine	.04	.2		521	16¾	16½	16¾	−⅛
14⅝	10⅞	SabnR	1.33e	9.4	9	145	14¼	14⅛	14⅛	−¼
18	10	SfgdSc			19	98	17½	17⅛	17½	+½
6⅞	2⅞	SfgdS wt				155	6½	5⅞	6½	+⅜
40⅝	27⅞	SaftKln	.32	.8	31	109	40¼	39⅝	40	
39	23⅜	StJoLP	1.68	5.1	11	14	37	36⅞	36⅞	−⅜
17½	8½	vjSalant			11	85	11¾	11½	11½	
78¾	37	SallieM	.36	.5	24	373	75⅝	75⅜	75⅝	+⅜
59⅝	37	Salomn	.64	1.6	12	18559	41½	40⅛	40¼	−⅛
42½	29	SDieGs	2.36	6.5	11	778	37⅞	36⅝	36½	−½
9½	6⅞	SJuanB	.43e	4.8		703	8⅞	8⅞	8⅞	
33	24	SAntRt	2.04	6.4	16	38	32	31⅛	32	+⅜
26⅜	16¼	SFeEP	2.88	15.		75	20	19⅝	19¾	−¼
39⅝	26¼	SFeSoP	1	3.0		3120	34⅛	33	33¼	−⅜
45	25¾	SaraLes	1	2.4	19	1550	42⅜	41⅛	42⅛	−¼
19	16	SaulRE	.20	1.2	43	1	16⅝	16⅝	16⅝	
23⅛	11¾	SavEP s	.86	4.5	10	235	19⅜	19⅛	19⅜	+⅛
47¼	24½	SavE	1.34	3.1		1	42¾	42¾	42¾	−¾

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
3⅞	1¼	vjTwle pf				15	2	1⅞	2	+¼
37⅞	22	ToyRU s			42	4163	u38⅜	37⅝	37⅞	
24⅛	16½	Tracor	.36	1.7	109	326	21	20¾	20¾	
15⅜	12½	Tramel	1.40	9.7		39	14½	14⅜	14⅜	
28	12⅞	TWA				549	23⅞	23⅝	23¾	−⅛
18	12⅛	TWA pf2.25		13.		75	17¼	17	17	−⅛
40⅛	31¾	Transml	.76b	5.1	10	1964	34⅞	34⅜	34½	−⅛
26⅝	22⅜	Tranlnd	2.28	8.9		15	26	25¾	25¾	−⅜
14⅝	11¼	TrnCda g	1.12		12	803	u14¾	14⅝	14⅝	−¼
19⅛	12	Trnscap			4	84	15½	14⅞	15	−⅜
60	35	Transco	2.72	6.0		2542	45⅝	45¼	45⅝	+⅝
73	45¼	Trnsc pf3.87		6.7		6	57½	57½	57½	+1
57½	48¾	Trnsc pf4.75		8.8		11	54	53½	54	
18⅝	11¾	TranEx	1.78	11.		186	16½	16¼	16¼	
11⅝	7⅛	Transcn			14	124	8	7¾	7¾	
27	25	TrGP pf2.50		9.4		1	26½	26½	26½	
19⅛	17⅞	TwdLq n				1014	19	18⅞	18⅞	−⅛
59½	42½	Travler	2.16	4.3	11	2920	51¼	49¾	50⅝	−⅜
69¾	53⅝	Trav pf4.16		7.6		227	54¾	54⅜	54½	−⅛
32⅞	24½	TriCon	5.36e	17.		348	32	31⅞	31⅞	
33⅞	19⅛	Triain s	.12	.4	10	939	u34½	33½	34⅛	+⅜
29¾	19⅝	Trilnd pf.12		.4		142	u30¾	29½	29½	+¼
78	56⅜	Tribune	1.20	1.7	10	1638	71⅝	70⅝	71	+⅞
4⅛	1⅜	Tricntr	.04e	1.5		577	2⅝	2⅝	2⅝	−⅛
7⅞	4⅞	Trico	.20	2.8	258	28	7¼	7¼	7¼	
23¾	13¼	Trinty	.50	2.2	46	202	22¼	21⅞	22¼	+¼
63¼	37	Trinov s	1	1.6	9	1259	63	59¾	61½	−½
142	87	Trinv pf4.75		3.5		59	138	137	137	−2
21¾	13⅝	TritEng	.10b	.6	12	996	16⅝	16¼	16¼	
26⅛	20¾	TritE pf 2		7.8		12	25½	25½	25½	
66	45⅝	TucsEP	3.30	5.3	13	247	62⅞	62	62¾	−⅛
24	11	Tultex s	.32	1.5	18	693	22¼	21¼	22	+⅞

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Oils and chips halt upturn

WALL STREET

WEAKNESS in oil and semiconductor stocks undermined Wall Street share prices yesterday leaving markets slightly lower on heavy volume, *writes Roderick Dram in New York.*

News of a fresh round of insider trading charges left some investors on the sidelines fearing that markets might suffer a major setback as occurred when the Boesky case was made public last November.

Bond prices regained a little ground on positive news about retail sales coupled with a slight easing of the Fed funds rate and encouraging money supply figures in late afternoon.

The Dow Jones industrial average closed down 6.18 points at 2,165.78. It was up more than 13 points in late morning before falling back.

Broad market indices followed suit, with the Standard & Poor's 500 off 1.92 at 275.62 and the New York and American stock exchange composite indices down 0.89 to 157.58 and 1.03 to 314.41 respectively.

In contrast, the over-the-counter market composite index edged up 0.93 of a point to 409.18.

NYSE volume rose to 201.43m shares from 172.7m on Wednesday.

Among blue chips, American Express added $⅞ to $68½, Eastman Kodak gained $⅛ to $79, IBM lost $⅝ to $132⅝, AT&T fell $¼ to $23⅝, Citicorp lost $⅝ to $55, General Electric fell $1⅛ to $98¼ and Philip Morris gave up $½ to $84.

Semiconductor stocks, which had helped trigger a rally late on Wednesday on hopes of good sales and orders figures, fell back yesterday when the data showed only small gains. Motorola dropped $1⅞ to $48, Texas Instruments gave up $3⅞ to $155½, Advanced Micro Devices lost $1⅛ to $21⅜, National Semiconductor was off $⅝ to $14⅞ and Intel fell $1⅞ to $36¼ in the over-the-counter market.

Oil stocks generally were weaker. Oil futures prices fell below the $18-a-barrel Opec target price amid concern that the organisation's production agreement was under strain. Exxon gave up $2½ to $80⅝, Chevron fell $⅞ to $49⅛, Texaco lost $⅞ to $38½, Amco was off $2½ to $73⅜, Standard Oil was down $1⅛ to $57⅞ and Atlantic Richfield dropped $1⅛ to $67½.

A. H. Robins plunged $6½ to $15½ after American Home Products said it was dropping its takeover bid for the drugs group which is operating under Chapter 11 of the bankruptcy code because of damage suits by users of its Dalkon Shield contraceptive.

Upjohn, up $2⅛ to $114, reported higher profits in line with other drug companies which have been benefiting from the fall of the dollar. The sector was generally strong. Merck added $2⅜ to $136⅝, Squibb was up $⅝ to $130⅝ and Pfizer gained $⅞ to $69.

Among other companies reporting higher earnings, CIGNA rose $1 to $60⅝, Colgate-Palmolive slipped $⅝ to $45⅝, Textron added $1⅞ to $65¼, Pullman-Peabody was up $½ to $8⅞ and Celanese rose $¼ to $243.

Airborne Freight fell $1⅞ to $33¼. It said it was discussing a joint venture with TNT, the Australian-owned transportation company. Airborne rejected a $29 a share takeover bid from TNT last November.

Lucky Stores eased down $¼ to $28½. Mr Asher Edelman, a New York raider with a 6.7 per cent stake in the company, said he was talking to third parties about joining his long-running battle to takeover the California-based retailer.

Bond prices began to pick up in middle afternoon prompted in part by futures contracts which rose steadily during the day. The main economic news was the unexpectedly large fall in retail sales in January and a slight easing in the Fed funds rates. Markets were also helped by money supply figures showing the broad aggregates grew less than feared in January.

The 7.50 per cent Treasury long bond had been off ¼ of a point by early afternoon but rallied to end up ¾ of a point at 99¹³⁄₃₂ yielding 7.54 per cent.

The 5.80 per cent fall in retail sales, the largest decline since 1967 when the series started, was heavily influenced by the drying up of car sales. Even excluding cars, sales were down slightly compared with forecasts of a modest rise.

The market did not respond initially to this news because the absence of the Fed Reserve from the market yesterday reinforced the impression that it was deliberately tightening policy a notch as a signal of concern about the inflationary threat of a falling dollar.

The Fed funds rate at which banks lend reserves to each other bounced back yesterday morning to 6⅛ per cent after falling to 4 per cent Wednesday evening because of the end of a two-week reserve reporting period. Market had hoped the Fed would supply reserves yesterday through, for example, customer repurchases which would have helped ease the rate and fears of tightening.

The rate eased later to 6⅛ per cent, reinforcing the sharp downturn in short term interest rates. The discount rate on three-month Treasury bills, for example, dropped 12 basis points to 5.79 per cent to give a yield of 5.79 per cent.

CANADA

REVERSING from losses earlier in the week, Toronto share prices moved strongly ahead, with only oils and gas stocks lower.

Memotec Data leapt C$8¼ to C$20 after winning its bid for the Federal Government's Teleglobe Canada.

In metals and minings, Noranda put on C$⅝ to C$25⅞ despite a lack of breakthrough in the dispute at its copper smelter.

Pacific Western Airlines fell C$⅝ to C$22 after announcing a share offering.

All sectors in Montreal followed the upward trend.

George Graham looks at the first day of trading in Paribas

A successful return to the market

PARIBAS, the newly privatised French banking group, traded yesterday for the first time at a price of FFr 480 ($79.30), a premium of 18.5 per cent to the offer price of FFr 405.

Demand for the shares was heavy, and buyers had their orders scaled down to one-tenth of what they wanted in order to match them with the few available sellers.

The fixing price values Paribas at FFr 22.4bn, nearly FFr 5bn more than the minimum value of 17.76bn set by France's privatisation commission.

Paribas officials were pleased that the share had achieved a quote on its first day back in the stock market – in contrast to the chaos surrounding the start of dealings in St Gobain, the first French company to be privatised, where the flood of buyers prevented a fixing for two days.

"It is an undeniable success" said Mr Michel Francois-Poncet, Paribas chairman.

St Gobain had listed its shares initially on the monthly settlement market, where most large and heavily traded companies are listed. This allows speculators to trade on margin, and price fixings are reached by the sometimes disorderly process of open outcry.

Paribas more cautiously chose to start on the cash market, where the fixing is arrived at by collating all bids and offers on paper. This allows a more orderly balancing of supply and demand.

Paribas expects to move on to the monthly settlement market in the next few weeks, once the market has settled down.

Yesterday's trading saw more than 2.5m shares bid for, with only 256,000 offered for sale.

Demand for Paribas shares is expected to remain strong, since French institutions were almost totally excluded from the 38 times subscribed share offering.

Only the 3.8m priority personal applications were accepted, and these were cut back to an allotment of only 4 shares each.

In addition, 17 French and foreign institutions were allowed to buy stakes ranging from 0.5 to 3 per cent of the company in a special tender offer.

EUROPE

Frankfurt and Amsterdam firm as dollar stabilises

THE DOLLAR'S relative stability gave a lift to major European bourses yesterday but thin trading in some centres showed that investors remain unconvinced of a longer-term improvement in the foreign exchange outlook.

Frankfurt was mainly firmer on foreign and domestic buying and the Commerzbank index rose 12.2 to 1,755.4 in quiet trading.

The gains came despite a monthly report from the Bundesbank saying West German companies had trimmed planned investment in equipment and that earnings prospects were looking poorer, mainly because of an expected fall in sales overseas.

The car sector was generally stronger, with VW up DM 5.70 to DM 346.20 and BMW ahead DM 8.50 at DM 500. But Porsche lost DM 20 to DM 820 on its sharp fall in profits.

In engineerings MAN was off 50 pfg at DM 150. The group said it expected higher turnover and profits in 1986/87. KHD and Mannesmann were also lower with falls of DM 3.50 and DM 2.90 to DM 160 and DM 146.50 respectively.

Bonds were again lower in thin trading. The Bundesbank bought DM 95.8m worth of paper in its daily market-balancing operation compared with purchases of DM 46.9m on Wednesday.

Amsterdam was slightly higher on the stable dollar and stronger trends on Wall Street and Frankfurt. The CBS Tendency index closed 0.9 higher at 89.4.

As foreign selling pressure eased and institutional interest grew, most of the international sector rose: KLM advanced strongly with a Fl 2.30 rise to Fl 41.60 and Akzo gained Fl 1.00 to Fl 132.

Zurich finished narrowly mixed, with the Credit Suisse index just 0.2 higher at 537.1 in a thin session which saw many investors still awaiting a clear dollar trend.

Swiss Volksbank gained SFr 30 to SFr 2,430 after announcing a higher dividend for the year.

Brussels continued on a firm note as the Government's scheme to attract share ownership through pensions savings funds brought investors to high yield stocks which should benefit most from tax breaks.

These included electricals, where Intercom added BFr 90 to BFr 4,100 and Unerg BFr 3,010.

Metals refiner Hoboken, which reported a 61 per cent fall in taxable profits in 1986, eased BFr 10 to BFr 7,870.

The European Court of Justice ordered the Belgian Government to change its law covering the regulation of securities quoted on Belgian bourses. It ruled that Belgium had failed to comply with EEC directives covering the admission of securities onto bourses and the control and distribution of prospectuses and information published by listed companies.

Paris rose in an active session enlivened by the start of trading in Paribas and held up for half an hour by demonstrators who padlocked the main gates around the bourse in protest at a French court verdict.

Paribas' sharp gains helped lift other bank stocks like Cie Bancaire, a Paribas unit, which was FFr 5 higher at FFr 1,061.

Another leading advance was mail order group La Redoute, up FFr 69 at FFr 2,895 after Printemps took a stake of more than 10 per cent. Printemps was up FFr 27 at FFr 657.

Milan was mainly lower in advance of monthly settlement today. The regulatory agency Consob has decided to suspend a decision by stockbrokers to lengthen the trading day.

Stockholm was active and firmer, with insurer Skandia the most active stock, rising SKr 4 to SKr 126 amid news that it plans to cut its 4,500 workforce by 500 to reduce costs.

Madrid fell again. **Oslo** suffered only a slight downturn despite Norsk Hydro's 1986 losses. Norsk Hydro was NKr 1.50 lower at NKr 142.50.

LONDON

NERVOUS SELLING hit the equity markets as unconfirmed rumours surfaced of renewed official inquiries into recent takeover dealing. The FT-SE 100, up 11 points in early trading, closed 17.2 down at 1,878.6, while its narrower sister FT Ordinary index shed 7.9 to 1,501.0.

Government securities traded firm throughout the day although turnover was subdued and prices shuffled around overnight levels before posting minor gains on the day.

SOUTH AFRICA

GOLDS gained modest ground in firmer Johannesburg trading as the bullion price hovered over $400 an ounce.

Southvaal added R1.50 to R188 although Vaal Reefs dipped R2 to R378.

Mining financials mirrored golds while leading diamond group De Beers advanced 80 cents to R41. Rustenburg in platinums closed 25 cents higher at R51.50.

Among mixed industrials, Barlow Rand was steady at R19.80 and SA Breweries picked up 25 cents to R16.75.

ASIA

Nippon Steel up again in post-holiday spree

TOKYO

HECTIC post-holiday trading in Tokyo yesterday saw institutional buying of large-capital stocks, with shares prices generally rising moderately, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average firmed 60.93 from Tuesday to 19,874.89 after surging 126 points at one stage.

Volume was the heaviest this year, with 1.63bn shares traded, compared with Tuesday's 1.09bn shares. Declines outpaced advances by a small margin of 431 to 420, with 153 issues unchanged.

Nippon Telegraph and Telephone Corp, listed last Monday, soared over 55 per cent to Y1.86m from its initial selling price of Y1.197m.

Large-capitals dominated the active list, accounting for 58.4 per cent of overall trading volume, although down from Tuesday's 73.7 per cent.

Nippon Steel, with 465.57m shares traded, represented 25 per cent of total turnover, maintaining the busiest spot for the 23rd session running since January 14. Its price strengthened Y18 to Y297.

An official at a major securities company, a leading buyer of Nippon Steel stock, said the strength of the world's largest steel producer stemmed from prospects of higher earnings following a major restructuring plan. The firm's diversification efforts have also improved its position, he added.

Moreover, some institutions had begun to shift their huge funds to large-capital stocks away from a lacklustre bond market, adversely affected by a delay in a further discount rate cut by the Bank of Japan, he said.

Nippon Kokan, second busiest with 150.78m shares, climbed Y10 to Y287, Kawasaki Steel, third with 149.78m shares, gained Y11 to Y242, Kobe Steel, fifth with 115.33m shares, was up Y22 to Y239, and Misubishi Heavy Industries Y24 to Y544.

Sumitomo Chemical, with 57.30m shares traded, spurted Y44 to Y589 on persistent investor interest in Aids-related issues.

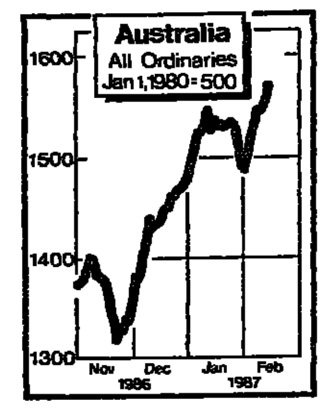
Other Aids-linked shares were also favoured: Toray Industries gained a sizable Y49 to Y749, with the sixth biggest volume of 63.38m shares changing hands. Sanyo Kokusaku Pulp rose Y 17 to Y515 and Ajinomoto Y140 to Y2,340.

Elsewhere, security company issues were sought on expectations of a substantial increase in their brokerage commissions due to active trading in NNT shares. Nomura Securities advanced Y130 to Y3,890, Daiwa Securities rose Y90 to Y2,490 and Nikko Securities Y100 to Y2,090.

Bond prices fell after early firmness that had reflected persistent hopes for another discount rate reduction by the central bank.

The yield on the bellwether 5.1 per cent government bond due in June 1996 opened at 4.795 per cent, up from Tuesday's 4.765 per cent, following overnight weakness on Wall Street. It later fell to 4.715 per cent on dealer buying sparked by speculation that the Bank of Japan may cut its key rate charged on short-term loans to commercial banks today for the fifth time since early last year.

In the afternoon session, the yield edged up to 4.725 per cent on subsiding expectations of a discount rate cut.



AUSTRALIA

THE OVERNIGHT upturn on Wall Street, take over speculation over BHP and the return of overseas investors combined to push Sydney to a record. The All Ordinaries index jumped 15.1 to a 1,574.9 and the All Industrials added 28.1 to high of 2,484.6.

Media stocks were again busy with News Corp showing a A$1.10 advance to A$20.40 on turnover of 1.2m shares. Herald & Weekly Times jumped 90 cents to A$17, while John Fairfax added 25 cents to a record A$16.25.

Revived takeover speculation in BHP produced a 6-cent gain for the diversified industrial group at A$10.00. Bell Resources, linked to a possible fresh for BHP, firmed 10 cents to A$4.75 while Elders IXL slipped 2 cents to A$5.20. Both Bell and Elders still retain large holdings in BHP after last year's take-over campaigns.

Banks were mixed: ANZ edged 10 cents higher to A$5.80; Westpac eased 2 cents to A$4.75 and National finished steady at A$5.56.

GMK showed the best gain among mines with a 80-cent jump to A$18.30 in reaction to its results.

HONG KONG

SOLID FOREIGN institutional buying emerged in Hong Kong and pushed the Hang Seng index to a fresh peak with a 15.25 gain to 2,754.72. An early rise of over 25 points was trimmed back by profit-taking.

The Hongkong Index rose 9.62 to 1,760.53.

Utilities were active and broadly higher. Hongkong Electric gained 40 cents to HK$13.30, Hongkong Telephone added 40 cents to HK$14.20, although China Light was unchanged at HK$21.20.

Properties featured as Sun Hung Kai added 10 cents to HK$2.60 after Merrill Lynch revealed that it had sold its 25 per cent stake in the group to local investors. Cheung Kong dropped 25 cents to HK$42.50 while New World shed 10 cents to HK$10.30.

SINGAPORE

HECTIC TRADING in Singapore concentrated on blue chips and banking issues as foreign institutional buying pushed the Straits Times industrial index to a 35-month high of 1,012.98 with a gain of 19.87.

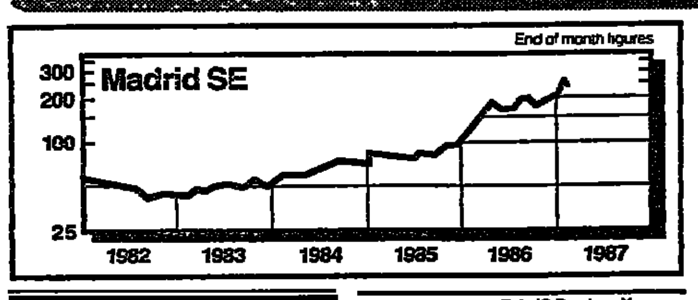
A number of large block trades pushed volume to 63.2m shares compared with 46.5m on Wednesday.

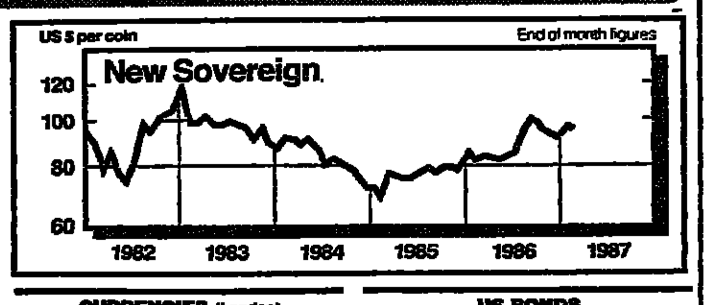
Haw Par, the most active with 10.5m shares changing hands, jumped 30 cents to S$3.76 while UOB added a solid 14 cents to S$4.46 on 3.5m shares. Also active was JC-MPH as it surged 16 cents to S$1.06 on 3.2m shares.

Strong buying demand filtered through to most parts of the market. New Straits Times advanced 35 cents to S$6.40, Cerebos picked up 25 cents to S$5.35 and Singapore Airlines at S$10.50 hit another 12-month peak with a gain of 10 cents.

Dealers cited the recent sale of the Tung Center for a higher-than- property sector: Singapore Land at S$7.10 was 40 cents up.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Feb 12	Previous	Year ago
NEW YORK			
DJ Industrials	2,165.78	2,171.96	1,629.93
DJ Transport	910.85	915.21	766.96
DJ Utilities	219.14	221.38	178.19
S&P Comp.	275.62	277.54	215.97
LONDON FT			
Ord	1,501.0	1,508.9	1,212.5
SE 100	1,878.6	1,895.8	1,470.0
A All-share	935.71	941.41	716.54
A 500	1,033.79	1,041.98	786.03
Gold mines	319.0	320.7	300.9
A Long gilt	9.89	9.92	10.50
TOKYO			
Nikkei	19,874.89	(c)	13,300.6
Tokyo SE	1,743.44	(c)	1,058.96
AUSTRALIA			
All Ord.	1,574.8	1,559.9	1,056.2
Metals & Mins.	776.2	775.0	508.2
AUSTRIA Credit Aktien	200.37	201.59	238.26
BELGIUM SE			
Belgian	4,062.86	4,040.66	3,025.70
CANADA			
Toronto			
Met.& Mins.	2,398.9	2,359.8	2,168.0
Composite	3,502.7	3,485.7	2,781.1
Montreal			
Portfolio	1,783.73	1,776.76	1,135.24
DENMARK SE	208.91	210.25	230.65
FRANCE			
CAC Gen	417.20	414.80	297.4
Ind. Tendance	105.90	105.30	70.64
WEST GERMANY			
FAZ-Aktien	582.67	576.65	670.85
Commerzbank	1,755.40	1,740.20	2,032.0
HONG KONG Hang Seng	2,754.72	2,739.47	1,743.03
ITALY Banca Comm.	689.76	692.76	510.67
NETHERLANDS ANP CBS			
Gen	282.60	282.00	252.2
Ind	247.80	244.40	244.4
NORWAY Oslo SE	372.40	372.28	382.38
SINGAPORE Straits Times	1,012.98	993.11	616.91
SOUTH AFRICA JSE			
Golds	—	1,922.0	1,231.5
Industrials	—	1,538.0	1,093.3
SPAIN Madrid SE	226.91	230.08	112.56
SWEDEN J & P	2,279.91	2,264.60	1,850.19
SWITZERLAND Swiss Bank Ind	571.80	570.10	578.5
WORLD MS Cap. Int'l Feb 11	400.4	400.3	297.7

COMMODITIES (London)

	Feb 12	Prev
Silver (spot)	382.55p	363.30p
Copper (cash)	£895.00	£897.00
Coffee (March)	£1,568.00	£1,580.00
Oil (Brent)	$17.275	$17.575

GOLD ($/OZ)

	Feb 12	Prev
London	$401.25	$401.25
Zürich	$401.75	$401.55
Paris (fixing)	$404.03	$402.60
Luxembourg	$401.75	$401.25
New York (April)	$398.30	$405.10

CURRENCIES (London)

	US DOLLAR Feb 12	Previous	STERLING Feb 12	Previous
$	—	—	1.5195	1.5235
DM	1.8245	1.8165	2.7725	2.7675
Yen	154.05	153.65	234.0	234.0
FFr	6.07	6.05	9.225	9.2175
SFr	1.5420	1.5390	2.3425	2.345
Fl	2.0590	2.0495	3.1275	3.1225
Lira	1,297.5	1,292	1,971.5	1,968.5
BFr	37.75	37.65	57.35	57.35
C$	1.3450	1.3425	2.0450	2.0475

INTEREST RATES

	Feb 12	Prev
Euro-currencies (3-month offered rate)		
£	11	11
SFr	3⅞	3⅝
DM	4⅛	4⅛
FFr	8⅛	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	6⅝	6⅝
6-month US$	6⅝	6⅝
US Fed Funds	6¼*	6⅝
US 3-month CDs	6.15*	6.225
US 3-month T-bills	5.735*	5.98

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
March	99-30	99-04	98-21	98-14
US Treasury Bills (IMM) $1m points of 100%				
March	94.27	94.28	94.20	94.18
Certificates of Deposit (IMM) $1m points of 100%				
March	-	-	-	93.82
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.60	93.64	93.46	93.48
20-year Notional Gilt £50,000 32nds of 100%				
March	115-26	115-30	115-16	115-04

US BONDS

Treasury	February 12* Price	Yield	Prev Price	Yield
6⅝ 1988	99⅞	6.48	99¾	6.586
7⅛ 1991	99⅞	7.24	99⅞	7.19
7¼ 1996	99⅞	7.30	99⅞	7.39
7½ 2016	99⅞	7.59	99⅞	7.65

Source: Harris Trust Savings Bank

Treasury Index Feb 12 Maturity (years)	Return index	Day's change	Yield	Day's change
1-30	161.28	+0.19	7.10	-0.02
1-10	153.42	+0.13	6.82	-0.02
1-3	143.26	+0.08	6.53	-0.02
3-5	158.24	+0.10	6.80	-0.01
15-30	189.26	+0.35	7.58	-0.02

Source: Merrill Lynch

Corporate	February 12* Price	Yield	Prev Price	Yield
AT&T 3⅞ July 1990	92.75	6.20	92.59	6.35
SCBT South Central 10⅛ Jan 1993	105.375	9.70	105.50	9.66
Phibro Sal 8 April 1996	89.858	8.15	90.0	8.15
TRW 8⅛ March 1996	103.75	8.20	103.50	8.19
Arco 9⅞ March 2016	112.75	8.70	112.0	8.73
General Motors 8⅜ April 2016	93.875	8.70	93.0	8.78
Citicorp 9⅞ March 2016	102.25	9.03	101.75	9.20

Source: Salomon Brothers

* Latest available figures